Austria ... Sch 20	Indonesia .. Rp 2100	Philippines Pes 20
Bahrain .. Din.0.650	Israel ..... IS 3.50	Portugal .. Esc 100
Belgium .. BFr 45	Italy ..... L 1600	S. Arabia Rls 5.50
Canada .... C$1.00	Japan Y600	Singapore . S$ 4.10
Cyprus .. C£0.75	Jordan .... Fils 500	Spain . Pta 125
Denmark . DKr 9.00	Kuwait .... Fils 600	Sri Lanka . Rup 30
Egypt ... E£1.50	Lebanon £L 50.00	Sweden . SKr 8.00
Finland .. Fmk 7.00	Luxembourg LFr 45	Switzerland SFr 2.20
France .. FFr 6.50	Malaysia Rm 4.25	Taiwan ... NT $85
Germany DM 2.20	Mexico . Pes 200	Tunisia . Din 0.800
Greece .... Dr 80	Morocco . Dh 8.00	Turkey ... L 350
Hong Kong HK$ 12	Netherlands . Fl 3.00	U.A.E. ... Dh 6.50
India ... Rup 15	Norway .. Nkr 7.00	U.S.A. ... $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,170 — Thursday February 26 1987 — D 8523 B

US presidency: a hollow feeling at the heart, Page 10

World news — Business summary

Bavaria introduces compulsory Aids tests

Bavaria announced radical anti-Aids measures – including compulsory testing for prostitutes, drug addicts, some foreigners and applicants for public-sector jobs – to take effect immediately.

Unless they prove they are free from the virus, non-EEC nationals will be barred from settling in Bavaria which said last week that two Aids victims were suspected of knowingly transmitting the disease and might be charged with grievous bodily harm, even murder.

Meanwhile, Britain announced a £14.5m ($22.3m) research programme to find a cure for Aids and in Australia growing Aids fears triggered hectic trading in blood bank and condom manufacturing shares.

Beirut car bomb

A car bomb injured at least 12 people in Shia Moslem southern Beirut, exploding shortly after a march by 10,000 protesting against the killing of 18 Hizbollah (Party of God) militants by Syrian troops. **Syria considers Hizbollah danger, Page 3**

Afghanistan offer

Afghan leader Najibullah offered opponents of his Communist rule talks on the composition of a coalition government. The offer was immediately spurned by two of the main Pakistan-based guerrilla groups.

24-hour Gulf battle

Iraq reported a 24-hour battle near Basra and said its troops had destroyed the entire Iranian attacking force. Iran said it routed an Iraqi tank company

SDI talks start

The US began a series of consultations with its allies on the Strategic Defence Initiative against a background of fears in Western Europe that Washington wanted to jump the gun and test Star Wars equipment that could lead to deployment in 1994. Page 4

Manila celebrates

Filipinos jammed Manila's streets to celebrate the first anniversary of the revolt which brought President Corazon Aquino to power. Meanwhile Finance Secretary Jaime Ongpin said debt rescheduling talks would go ahead. **Aquino honours military, Page 3**

Germany censured

West Germany was contravening EEC law by failing to enforce Community competition rules, the European Commission ruled. Page 2

S. Africa strike ends

One of South Africa's longest strikes ended after 10 weeks when 10,000 workers agreed to return to work at the OK Bazaars retail chain. Management agreed to across-the-board monthly wage increases of R100 ($50).

Minister collapses

Norwegian Foreign Minister Knut Frydenlund collapsed with a stroke at Oslo airport, causing Prime Minister Gro Harlem Brundtland to cut short a trip to Japan.

Lima banks bombed

Leftist guerrillas bombed 18 banks in Lima, Peru, causing damage but no injuries.

Italian fuel shortage

Many Italian garages began to run out of petrol as truck drivers continued a strike in protest against new road transport laws.

Hong Kong profits

A Chinese factory spent $200,000 on second-hand imported machinery in Hong Kong only to find the equipment was Chinese made and originally exported at a fraction of the price **Hong Kong cuts taxes, Page 3**

Kraftwerk turnover drops sharply

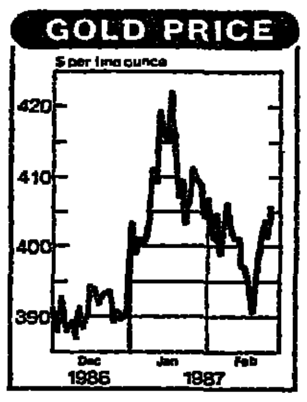
KRAFTWERK Union, West German power station manufacturer owned by the Siemens electricals group, suffered a severe fall in turnover last year and was able to pay an unchanged DM 100m ($54.6m) dividend to its parent company only out of cash built up in previous years. Page 13

WALL STREET: The Dow Jones industrial average closed up 2.96 at 2,226.24. Page 34

TOKYO: Buying gathered momentum and the Nikkei market average gained 109.85 to 20,186.33. Page 34

LONDON: hit a record high on good economic news and the forthcoming budget. The FT-SE 100 jumped 26.3 to a peak 1,973.1 while the FT Ordinary advanced 25.7 to high of 1,584.9. Page 34

GOLD PRICE



GOLD: Nervousness about the dollar, concern about Third World debt and the covering of expiring options contracts underpinned a $4 rise in the metals price to $405.75 on the London bullion market. Page 26

DOLLAR closed in New York at DM 1.8255; SFr 1.5385; FFr 6.0755 and Y153.375. It fell in London to DM 1.8280 (DM 1.8340); to FFr 6.0850 (FFr 6.1050); to SFr 1.5380 (SFr 1.5500); and to Y153.60 (Y153.70½). On Bank of England figures the dollar's exchange rate index was down 0.1 to 104.0. Page 27

STERLING closed in New York at $1.5385. It fell in London to $1.5375 ($1.5400); to DM 2.825 (DM 2.875); to FFr 9.3550 (FFr 9.4025); SFr 2.365 (SFr 2.3875); and to Y236.25 (Y236.75). The pound's exchange rate index fell 0.4 to 69.5. Page 27

AT&T, big US telecommunications group, is being sued for its promotion of international toll-free dialling services, by Worldwide 800 Services, a company based in Switzerland. Page 13

EUROPEAN Commission proposed that West Germany should bring forward its proposed tax reforms, in an effort to counteract the flagging economic growth rate of the EEC. Page 2

RHONE-POULENC, French nationalised chemicals group, will next week raise FFr 2.5bn ($409m) in fresh equity funds by issuing non-voting shares called *certificats d'investissement privilegés*. Page 14

SAAB-SCANIA, Swedish automotive and aerospace group, reported a 14.5 per cent increase in profits after financial items to SKr 3.13bn ($481m) in 1986, compared to SKr 2.73bn the previous year. Page 13

NOKIA, Finland's largest stock market quoted company, with interests in the electronics, cable, paper and rubber industries, reported a 22 per cent increase in profits after financial items to FM 674m ($147m). Page 14

SOCIETE Générale de Surveillance, world's largest privately-owned quality control and inspection group, reported a 17 per cent increase in net consolidated earnings to SFr 112.3m ($72.5m). Page 14

IMPRESIT, civil engineering subsidiary of Italy's Fiat Group, is leading a Spanish-Arab consortium of investors which is bidding to acquire the Madrid-based Hispano Alemana de Construcciones, a large Spanish construction company which was part of the Rumasa Group. Page 14

Vatican bank chief sought on fraud charges

BY ALAN FRIEDMAN IN MILAN

A WARRANT for the arrest of Archbishop Paul Marcinkus, chairman of the Vatican's bank, has been issued by Milan judges who have been investigating the 1982 collapse of Banco Ambrosiano.

The warrant charges the 65-year-old Monsignor Marcinkus and two other officials of the Istituto per le Opere di Religione (IOR) with being accessories to the fraudulent bankruptcy which led to the collapse of Banco Ambrosiano.

The issue of the arrest warrants was already being seen in Italy last night as the most important development in the case since Mr Roberto Calvi, Ambrosiano chairman, was found dead in June 1982, his body suspended from Blackfriars Bridge in the City of London.

The arrest warrant, which can only be served if Archbishop Marcinkus physically leaves the Holy See and steps on to Italian territory, has not been announced officially, but its issue was yesterday confirmed by a senior Italian official involved in the investigation of the Ambrosiano affair.

A Vatican spokesman, Mr Joaquin Navarro, was quoted last night as saying that he had heard reports of the arrest warrants but knew nothing about them. Archbishop Marcinkus could not be reached for comment last night, but was quoted by AGI, the Italian news agency, as saying he was unaware of a warrant for his arrest.

The IOR owned, both directly and indirectly, 10 of the overseas dummy companies in the Bahamas, South America and elsewhere to which Ambrosiano lent $1.3bn. In 1984 the Vatican bank agreed to pay $244m to 120 creditors of the failed Banco Ambrosiano as a "recognition of moral involvement" in the collapse of the Milanese private bank. But the Vatican has consistently maintained that the payment of this money, which is believed to have cut deeply into the Holy See's liquidity, did not imply an admission of guilt.

Aside from Archbishop Marcinkus, the other two Vatican bank officials who have been charged by the Italian authorities are Mr Luigi Mennini, managing director of the IOR at the time of the collapse of Ambrosiano, and Mr Pellegrino de Strobel, who was chief accountant. Mr Mennini and Mr de Strobel are Italian citizens and Archbishop Marcinkus is American, born in Cicero, Illinois.

Italian authorities, who asked not to be named, said yesterday that the Milan judges had decided to issue the arrest warrants at the close of an investigation which has been underway for more than 4½ years.

In 1982 a judicial communication was sent to Archbishop Marcinkus, informing him that he was under investigation in connection with the Ambrosiano affair. The Vatican first rejected this communication on the grounds that it had not been transmitted through appropriate diplomatic channels.

The Milan investigating judges have attempted on several occasions since 1982 to summon Archbishop Marcinkus and his associates for questioning, but all requests have been refused.

Archbishop Paul Marcinkus

Debt fears mount as Brazil imposes new credit freeze

BY IVO DAWNAY IN BRASILIA AND ALEXANDER NICOLL IN LONDON

BRAZIL yesterday escalated its war of nerves with foreign bank creditors. It backed up last Friday's suspension of interest payments on $68bn of long-term debt with a surprise new move freezing short-term credits totalling about $15bn.

The Government of President Jose Sarney will inform foreign banks that it will centralise payments on all short-term trade credits and interbank money market lines in overseas accounts of the Central Bank.

The measure appeared designed to forestall withdrawals of these funds, which have been repeatedly re-extended to the overseas branches of Brazilian banks since Brazil first ran into payments problems in 1983.

One foreign banker in Brazil said: "I think they are going too far this time. We could be in the eye of a storm. It will either fizzle away or the situation is going to deteriorate very rapidly."

Brazil's action, announced by the Central Bank at a press conference last night, could raise serious legal problems. It raises the possibility that foreign banks might claim in their national courts that Brazilian bank clients have defaulted on loans.

The measure could also create severe problems for the financing of Brazilian imports and exports. Brazil this year has been projecting imports of $15bn and exports of $24bn.

Local bankers in Brazil said they had received telexes ordering all debt falling due to be sent to the Central Bank and not direct to creditors.

Brazil's move contradicts assurances given to foreign bank representatives in Brazil last Saturday. They were assured then that Friday's indefinite suspension of interest payments would apply only to medium and long-term debt and that no action would be taken on short-term lines.

A benign interpretation of the latest instruction would be that the money was merely being channelled through the Central Bank in order to monitor the payments flows and ensure that each creditor abides by its undertaking to renew short-term loans.

Brazil's 14-bank advisory committee demanded an explanation of the action on short-term debt from Mr Antonio Padua de Seixas, Brazil's chief foreign debt negotiator, at a meeting in New York on Tuesday. It was expecting to meet him late yesterday to receive more details.

According to authoritative accounts of Tuesday's meeting, Mr Seixas was warned that a freeze of short-term lines could be met by legal actions, particularly by smaller creditor banks which hold some 20 per cent of the country's short-term debt.

Brazil's latest action surprised bankers because they had not detected a sizable erosion of short-term credits such as occurred in

Continued on Page 12

ARGENTINA ACTS TO HEAD OFF INFLATIONARY SURGE

A RETURN to a tightly run prices and incomes policy similar to that embarked on with the launch of the Austral Plan in June 1985, was expected to be announced by the Argentinian Government last night, writes Tim Coone in Buenos Aires.

The measures are to be announced by Mr Juan Sourouille, the Economy Minister in a nationwide radio and television broadcast, and according to reliable sources, are likely to include the following measures:

- Across the board wage increases of between 8 and 10 per cent to compensate for increased inflation in the first quarter of 1987, followed by a wage freeze. (This is on top of *an earlier approved wage increase* of between 8 and 11 per cent for the first quarter.)
- A 10 per cent devaluation of the official exchange rate of the Austral currency.
- Raising of public sector tariffs, followed by a freeze on further increases.
- *A price freeze on a wide range of* goods and services following an average 7.8 per cent increase permitted last weekend.
- A substantial reduction in interest rates to between 3.5 per cent and 4.5 per cent a month in line with the expected reduction in inflation to an average of 3 per cent a month as a result of the new measures.
- New support prices for agricultural produce.

The measures come at a decisive *moment* in Argentina's negotiations with its creditor banks for a new $2.15bn financing package. Agreement on this has been thrown into doubt by the Brazilian debt crisis and by a simultaneous hardening of the Argentinian negotiating stance.

The banks and foreign exchange *markets have been closed for two* days to head off speculative runs against the Austral currency, and the expected major devaluation of the Austral is an implicit recognition that Government attempts to intervene in the currency market over the past two months have proved a costly failure. The central bank has sold an estimated $400m worth of dollar *denominated* bonds (Bonex) since early January in attempts to support the Austral at the cost of expanding the foreign debt.

The central bank announced on Monday that it was abandoning sales of Bonex until further notice, without giving any explanation.

India seeks more counter-trade

BY JOHN ELLIOT IN NEW DELHI

THE INDIAN Government has decided to try to reduce its expenditure of scarce foreign exchange by asking for at least 25 per cent of the cost of major foreign contracts to be covered by counter-trade arrangements, under which the deals are paid for in part by goods or services.

This significant divergence from previous policies was decided recently by top civil servants in an attempt to boost the country's sluggish exports. It has not yet been officially announced, but companies negotiating a wide range of projects and contracts are being asked for counter-trade deals ranging up to 100 per cent on some commodities, defence and aircraft orders.

A Rs 5.4bn ($415m) hydro power station contract being finalised by CGEE Alsthom of France with Rs 1.03bn countertrade is the biggest since the policy was set two months ago.

But Bofors of Sweden, which won a $1.4bn gun contract last year, has pledged to try to arrange exports to Sweden totalling $500m over 10 years.

India is facing balance of payments and foreign exchange problems and wants to start building an aggressive export trade – at present it accounts for less than 0.5 per cent of the world's total exports.

India does not intend to go as far as countries such as Indonesia or Australia, which have rigid formal counter-trade policies, nor is it following the route of neighbouring Pakistan, which hopes that global deals with international trading houses will significantly and quickly transform its balance of payments.

India's Ministry of Commerce wants to test the potential of counter-trade for about a year. Informal government estimates show that counter-trade totalled only Rs 1bn in 1985-86, but will reach Rs 5bn this year, accounting for about 4 per cent of India's Rs 100bn annual exports to non-Comecon countries.

Foreign companies such as Bofors and Boeing of the US, which have been sending their counter-trade experts to India in recent weeks are, however, having problems finding sufficient Indian goods of adequate quality and price to sell abroad.

Traders say that they are currently having to try to organise counter-trade ranging from 5 to 100 per cent of the value of long-term contracts for commodities such as newsprint, asbestos sulphur and potash.

US companies negotiating deals for transfer of technology for mini-computers, telecommunications equipment and other advanced products are being asked for the first time to agree to buy back at least 30 per cent of the Indian output. Previously this was only being applied to foreign deals for lower technology items such as consumer goods.

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Background, Page 4

Reagan 'knew of Iran arms shipments'

By Stewart Fleming in Washington

THE Tower Commission report into the Iran arms scandal, due to be published today, is expected to conclude that President Ronald Reagan was regularly briefed on last year's secret arms deals and that officials sought to formulate a policy that could allow Mr Reagan to deny involvement.

A report in the New York Times yesterday, quoting officials close to the commission, said it had information that Mr Reagan discussed with aides the need to frame policy in a way that would permit him to deny knowledge of it.

The White House reiterated yesterday that Mr Reagan believed he "acted entirely appropriately" and did not believe he had broken any laws.

The report of the commission, chaired by former Republican Senator John Tower, is expected to be sharply critical of the Reagan Administration's dealings with Iran.

The White House statement also came in the wake of a Los Angeles Times poll which suggested that Americans are convinced that the White House tried to cover up President Reagan's role in the affair.

About three quarters of those who took part in the poll, completed on Monday, said they believed there had been a cover-up, and two-thirds disapproved of the way the President has handled the Iran initiative.

The poll also confirmed that, in spite of the barrage of criticism over the scandal, Mr Reagan remains personally popular, with 79 per cent of those asked saying that they liked him. It also suggested that, in spite of all the adverse publicity he is recieving, there has been

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Fawn Hall, Page 4; hollow feeling, Page 10

French economy faces reduced rate of growth

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday forecast a gloomier prospect for the economy in announcing higher than expected inflation and lower growth, but signalled no change in policy.

The revised forecasts followed the announcement of a 0.9 per cent increase in the consumer price index in January – the largest monthly increase since July 1983. At the same time the number of jobless during the month rose by 1.5 per cent on an adjusted basis to 2.612m pushing up the unemployment rate from 10.7 to 10.9 per cent.

Mr Edouard Balladur, the Minister of Finance, speaking after a cabinet meeting which had reviewed the economic outlook, said the Government now expected inflation to rise to about 2.5 per cent as against the 2 per cent assumed in the budget and a year on year rate at the end of December last year of 2.1 per cent. He said that real GDP would also be below the 2.8 per cent included in the budget but above 2 per cent.

The downward revision in the growth figures is in line with that of private forecasting institutes – the French Employers' Federation this week predicted 2 per cent real growth for the year – and the official French forecasting institute Insee, which in a report published yesterday said it expected first half 1987 growth to be "not very robust."

Although the Government is under some pressure from within the coalition to stimulate investment, Mr Balladur said that there would be no change in economic policy. Underlining this the cabinet approved a freezing of FFr 7.5bn ($1.23bn) spending in this year's budget to offset anticipated increases in allocations for the long-term unemployed and the EEC. Mr Balladur said that the budget deficit would be cut to 2.5 per cent of GDP as planned, compared with 3 per cent last year.

Britain's short-term economic prospects were revised upwards by one of the more gloomy independent forecasters in the country, which halved an earlier estimate of the likely current account deficit this year. Output growth is forecast to rise and inflation to come down, Page 12.

The unexpectedly high increase in the January price figures was mainly due to the renewed rise in petrol prices (accounting for almost 0.5 per cent of the 0.9 per cent rise), the public sector strikes at the beginning of the year and the cold weather. A further factor was the sharp rise in the price of services following the ending of price controls.

Mr Balladur was at pains yesterday to demonstrate that the January figure was exceptional and did not mean an end to the disinflationary process. He received some comfort from Insee, which forecast a 1.4 per cent cumulative increase in French inflation over the first three months and 1.9 per cent for the first half. Insee said in its report yesterday that it regarded this acceleration as being a "transitory rough patch" which would not call into question French success over wage restraint.

With flat rate increases in the public sector having been set this year at about 1.7 per cent, many employees now stand to suffer a loss of purchasing power – with the possibility of union pressure for a renewal of wage negotiations.

Insee forecasts a modest economic pick-up from the second quarter stimulated by rising exports and investment. This will follow almost nine months of stagnant activity

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TAKING THE STRAIN ON WALL STREET

Disgraced financier Ivan Boesky: setting the scene for a demoralised market, Page 12

Bonn urged to give EEC growth a boost

BY QUENTIN PEEL IN BRUSSELS

THE UROPEAN Commission proposed yesterday that West Germany should bring forward its proposed tax reforms, in an effort to counteract the flagging economic growth rate of the EEC.

In a pessimistic quarterly economic report, the Commission's economic services have reduced their forecast of the 12-nation growth rate for 1987 from 2.8 per cent to only 2.3 per cent. They blame the slowdown on the rapid fall of the dollar and the slower expansion of world trade.

West Germany remains the EEC member state with the greatest margin for manoeuvre to stimulate domestic demand, the Commission says. In addition, both France and the UK could do more to boost production capacity, thanks to the improvement in their respective budget deficits.

The Commission's report to be submitted to the 12 finance ministers next month singles out three ways for Bonn to boost demand.

- by bringing forward the tax reforms planned for January 1, 1988;
- by putting into effect tax measures affecting public sector investment, as permitted by the 1967 Growth and Stability Law:
- by accelerating the total DM 44bn tax reform package just agreed by the Bonn coalition partners for 1990.

As far as France and Britain are concerned, the Commission says they must act more cautiously because of external constraints, but co-ordinated European growth to boost internal Community trade could underpin some further expansion. That would result in "an acceptable slowdown" in the reduction in their budget deficits.

The Commission renews its plea made in last year's annual economic report, and endorsed by the London summit last December, for greater national dialogue between employers and unions to boost profitable private sector investment. The British government is seen in Brussels as least inclined to put that recommendation into effect

According to the Commission, the latest forecast for economic growth across the member states means that the present average unemployment rate of 12 per cent will only stabilise.

Any reduction in unemployment requires greater co-ordination of economic policies, it says. It promises that the next quarterly economic report will contain an assessment of national economic polices and the extent to which they conform to the broad aims of EEC economic policy.

The sharpest declines in current economic growth rates are expected in West Germany (down from a forecast 3.2 to 2 per cent), in France (down from 2.5 to 1.8 per cent), Ireland (down from 3.1 to 2.2 per cent) and Denmark (down from 1.8 to 0.5 per cent). The UK, against the trend, is expected to increase its gross domestic product expansion from the original forecast of 2.7 to 2.9 per cent.

Brussels rules against W Germany on Hoechst

BY WILLIAM DAWKINS IN BRUSSELS

THE EUROPEAN Commission yesterday ruled last West Germany was contravening EEC law by failing to enforce Community competition rules. It decided that Bonn had provided an unsatisfactory response to its inquiries why the West German authorities had not forced Hoechst, the Frankfurt based chemicals concern, to admit EEC anti-cartel investigators to its headquarters.

Officials are now preparing a "reasoned opinion" to be delivered to Bonn within the next week. This will ask the Government to honour its obligations under the Treaty of Rome by obliging Hoechst to open its doors to the inspectors so that they can seek evidence of a possible illicit price-fixing cartel involving eight plastics producers.

If that fails, the Commission can then take the matter to the European Court of Justice. Brussels is also expected to remind Bonn that national courts should have no jurisdiction over Commission investigations of this kind. This refers to an injunction granted against the inspection by the Frankfurt Administrative Court, a move which the Commission points out also contravenes EEC laws obliging member states to provide national legislative backing for competition inquiries.

Three nations to maintain capital movement curbs

BY OUR BRUSSELS CORRESPONDENT

ITALY, Ireland and Greece have all been given permision by the European Commission to maintain exchange controls on capital movements liberalised by other EEC member states.

Formal liberalisation of cross-border transactions in unlisted securities, unit trusts, and naional securities issued on foreign stock exchanges, as well as long-term trade credits, comes into effect in seven member states on February 28. They are Britain, France, West Germany, Denmark and the Benelux countries.

The one surprise is that Italy has not taken advantage of the move to ease its own exchange controls further, as previously indicated by Mr Giovanni Goria, the Finance Minister, among others.

The three countries have all accepted the liberalisation of long-term commercial credits, which is unlikely to have any significant effect, as most trade credit is short- to medium-term. They have been granted exemptions for the other two categories, in line with the exchange controls they already impose.

Swiss bankers cautious on 'money laundering' move

BY WILLIAM DULLFORCE IN GENEVA

SWISS bankers responded cautiously yesterday to their government's proposals that "money laundering" be made a criminal offence but did not directly oppose them. Their initial reaction was that the recommendations would not weaken Swiss bank secrecy.

"The banks do not want to launder criminal funds, but we have to study the proposal carefully, to see whether it is practicable and whether there is any risk to the interests of our ordinary, honest clients." Mr Andreas Hubschmid of the Swiss Bankers' Association, said.

Bankers and other interested parties have until the end of May to submit their views on the report published on Tuesday by the Justice Department. It recommends that prison sentences of up to 10 years be imposed on the worst cases of financial assistance to organised crime.

Both external and internal pressures have jolted the government into action. It sees the need to keep Switzerland in line with moves abroad, Notably at a conference of European ministers of justice in Oslo earlier this year and in a proposal for a UN convention, to concert the fight against drug trafficking and terrorism.

Domestically, several cantons, whose financial institutions have been used by drug traffickers, and some of the political parties have been urging the government to tighten its legal provisions against such activities.

Mr Paolo Bernasconi, the former public prosecutor in the Italian-speaking canton of Ticino, who wrote the government's report, pointed out that of 134 "money laundering" cases recently brought to court in the US, 33 involved abuses of Swiss financial institutions.

Gorbachev preaches democracy to unions

By Patrick Cockburn in Moscow

THE introduction of greater democracy in the Soviet Union was the only way to avoid the errors of the recent past, Mr Mikhail Gorbachev said yesterday.

He told 5,000 delegates to the Congress of Soviet Trade Unions meeting in Moscow that the difficulty of deciding the course to take caused the meeting of the Communist party's 307-member central committee to be postponed three times before it finally met last month.

The thrust of Mr Gorbachev's speech was that he and the politburo now give priority to political reform as a precondition for economic change in the Soviet Union. "It is either democracy or social conservatism and inertia," he said.

"We must provide an answer to the main question which is uppermost in the minds of people: How we are to make the reorganisation irreversible and to ensure that errors are not repeated?" Mr Gorbachev said.

It was not surprising, he added, that reforms were provoking opposition and resistance since they affected people's real interests. He singled out four political and economic innovations which have had such an impact: the introduction of quality control in industry from January 1; self-financing of some enterprises; choosing officials through elections; and greater openness and freedom of expression.

Mr Gorbachev told the delegates, who represent 140m workers, that greater productivity was the key to better living conditions. But the real gains were to be made in the long term.

He also said that unions should support greater differentials in wages for better workers, and oppose the tendency of levelling everybody's pay.

Despite their large membership, the Soviet unions have limited influence because they are not involved directly in wage bargaining and strikes are forbidden, but they are very important in running the social security system. Benefits, for which members pay 1 per cent of wages, include everything from holidays to theatre tickets.

Turning to international affairs, Mr Gorbachev said that an all-out political, psychological, economic and military offensive had been launched against the Soviet Union in the late 1970s and early 1980s because of its domestic weakness and because its economy had lagged behind.

He accused the West of trying "to prevent us from enacting the plans for reform, to hamper, slow down and frustrate them through the arms rate." Nevertheless, he continued, the Soviet Union "shall not make a single step in excess of the demands and requirements of sensible, sufficient defence."

Leslie Colitt adds from Berlin: Bulgaria has expressed total support for Mr Gorbachev's reforms. However, its aging leader, Mr Todor Zhivkov, has emphasised that his Communist party has followed the correct Leninist line, for "as long as 30 years" during which he has held power.

Mr Zhivkov, at 76, is anxious not to suffer the same fate as the late Soviet leader, Mr Leonid Brezhnev, who was severely criticised last month by Mr Gorbachev.

In a statement to his ruling politburo, Mr Zhivkov said Bulgaria was already implementing the "democratisation" of social life, and had adopted measures to elect plant managers and work brigade leaders, in line with proposals by Mr Gorbachev.

Malta opposition in poll warning

Malta's opposition leader, Dr Eddie Fenech Adami, warned yesterday that his party would be forced to resort to "popular power" should the Government "cheat" in the forthcoming general election, Godfrey Grima reports.

Malta's 220,000 voters are scheduled to go to the polls not later than May 9, and in London yesterday Dr Fenech Adami expressed fears that the government in Malta might try to interfere with the counting of votes. In that case, he warned, his supporters would undoubtedly take to the streets.

KWU chief says nuclear row threatens jobs

BY DAVID MARSH IN MUELHEIM

WEST GERMANY will lose nuclear jobs to France or Belgium unless the bitter political row over the country's premier plutonium-handling plant is resolved, says Mr Klaus Barthelt, chairman of Kraftwerk Union (KWU), the West German maker of pressurised water nuclear reactors.

His remarks coincide with a further sharpening of the long-running controversy over the future of KWU's Alkem nuclear fuel subsidiary at Hanau near Frankfurt.

The row brought down the coalition government in the state of Hesse—which has jurisdiction over the Hanau plant—earlier this month. With elections in the state on April 5 likely to be dominated by the nuclear issue, the episode provides a further example of how atomic energy has become the tinder of West German politics.

Mr Barthelt, speaking at a news conference unveiling KWU's 1985-86 results, said 550 jobs were at risk at Alkem. KWU is a subsidiary of the giant Siemens electricals group.

He described the past year since the Chernobyl nuclear accident in April, 1986, as "the most turbulent and difficult" in KWU's 18-year-old history. He also made an impassioned plea for restoration of the former West German political consensus on nuclear energy which spurred the country's post-war atomic build-up.

The Hanau factory makes fuel rods for power stations using uranium and plutonium recovered from atomic reprocessing facilities.

Its operation has attracted protests for several years from the Greens ecology party, which abandoned its 14-month old coalition in Hesse, with the Social Democratic Party (SPD) two and a half weeks ago. This followed the refusal by SPD ministers to give in to demands to close the plant.

This week, however, the Hesse SPD has swung behind the Greens in affirming opposition to the Alkem plant—putting the state on a potential collision course with the Bonn Government, which wants to keep it going.

Mr Barthelt said that if Hesse refused to give operating approval to Alkem, KWU could move its fabrication facilities for so-called mixed oxide or MOX fuel (containing uranium and recycled plutonium) to outside the state, or transfer production abroad. Since it would take about four years to build a new plant, jobs would be inevitably lost to alternative MOX plants in France or Belgium.

He also ridiculed the policy adopted by the SPD and the Greens of opposing West Germany's move into the so-called "plutonium economy." Pointing to the roughly 1 tonne of plutonium produced by the country's long-running pilot reprocessing plant at Karlsruhe, Mr Barthelt declared that "the plutonium economy already exists."

David Marsh reports on efforts to catch the Red Army Faction

W Germans look to French success for lead in terrorist hunt

LAST WEEKEND'S arrest of four leaders of the French Action Directe urban guerrilla group has turned the tables on West Germany's police force, who until then had been slightly dismissive of the French efforts against terrorism.

Now West German security officers are hoping that the swoop on ringleaders of the group responsible for the kiling in November of Mr Georges Besse, the former chairman of Renault, will help their own battle against the Red Army Faction (RAF).

The success has underlined how West Germany's efforts to catch increasingly cold-blooded members of the RAF—responsible for seven killings and a row of bombings in the Federal Republic during the last two years—have, for the moment at least, drawn a blank.

The 15 or 20 people believed to form the active hard core of West German terrorism are described by Mr Heinrich Boge, president of the Bundeskriminalamt (BKA) in the spa town of Wiesbaden, as the third or possible fourth generation of West German guerrillas.

Mr Hans Zachert, his deputy at the BKA, the German Federal police office which has become the nerve centre of the country's fight against terrorism, says they are "less intellectual, more sober and concentrated" than their forebears in the Baader-Meinhof gang during the 1960s and early 1970s.

Action Directe and the RAF are believed to have forged clear links in the last few years of terrorist attacks in the two countries.

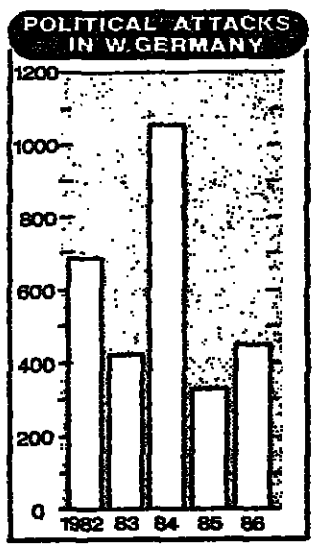
The two groups have stopped short of carrying out joint actions. But the BKA believes that co-operation has been built up in the planning and logistics of such operations.

Mr Zachert, a small, pugnaciously-built man in a double-breasted suit, describes as "striking" the co-ordination over selection of industrial, military and police targets between the French and West German terrorists.

He unveils to visitors in Wiesbaden a somewhat ghoulish slide show. It displays in coloured inks and intersecting lines a string of parallel killings and bomb attacks on the two sides of the Rhine, culminating in the shooting of Mr Besse three months ago and the murder a few weeks before in Bonn of top diplomat Mr Gerold Von Braunmuehl.

"There is quite literal agreement over the timing and choice of certain types of targets," he says.

The French and West German Governments have improved their own anti-terrorist collaboration during the past year or so in response to stepped up activity and better organisation by terrorists in the two countries.



The BKA, which now groups nearly 3,500 police officers, crime specialists and other staff with an annual budget of close to DM 300m (£107.5m) professes itself quietly pleased with better help from Paris.

Officers point out that this is in sharp contrast to only lukewarm French co-operation during the 1970s.

The BKA was set up in 1951 as a German-style hybrid between Scotland Yard and the US Federal Bureau of Investigation (FBI).

As the challenge to police forces has risen, not only in terrorism but also in areas like international counterfeiting and drugs and arms dealing, the BKA has roughly doubled in size over the past decade.

Judging by the messages which claimed responsibility for the killings last year of Mr Von Braunmuehl and Mr Kurt Beckurts, the late Siemens research chief, "there is little trace of ideology," says Mr Boge, president of the BKA since 1981. "We are dealing with quite brutal killers."

In contrast to the latest French success, the West German police have made no obvious breakthrough in tracking down the authors of last year's RAF attacks.

Mr Boge points out that, since he took over, 20 top RAF members have been put behind bars.

But BKA officers confess themselves somewhat disappointed at the sparse number of leads thrown up by the public in spite of the DM 4m in reward money on the heads of a handful of top terrorists whose wanted notices are pinned up all over the country.

UK yard challenged for French ship order

By Paul Betts in Paris

BRITTANY FERRIES, the cross-channel ferry company started nearly 15 years ago by a group of enterprising farmers from Brittany, is coming under increasing pressure to buy French rather than British.

The company which operates services from Brittany to Plymouth and Portsmouth as well as to Ireland is about to order a large car ferry for its fleet, and the Glasgow yard of Govan, owned by British Shipbuilders, appeared in a strong position to clinch the order worth more than FFr 400m (£42.5m).

The local authorities in Brittany, however, have been putting pressure on Brittany Ferries to place the order with the French Chantiers de l'Atlantique yards owned by Alsthom, the heavy engineering and shipbuilding group controlled by the nationalised Compagnie Generale d'Electricite.

The British yard is understood to have made the more competitive bid, combining a lower price and attractive financial conditions. Even with subsidies and other financial supports, the cost of building the ship in France is calculated at at least FFr 450m, compared with Govan's FFr 415m.

However, because of the dearth of new orders, both Alsthom and the local authorities in north-western France have been pressing to win the order.

Alsthom, which has specialised in constructing luxury cruise liners, is currently building the world's largest, the $175m "Sovereign of the Seas" for the Norwegian Royal Caribbean Line.

It started showing intense interest in thecar ferry order when it lost an order to build a second cruise ship for the US Sitmar Cruises group.

It had won an order from Sitmar worth $150m to build the first ship with an option to build a second. However, Sitmar decided last November to place the order with the Italian Fincantieri group which apparently offered a more attractive package.

Alsthom acknowledged that the Sitmar decision was a serious blow prompting it to seek replacement business.

The stakes are high for both France and Scotland since the final decision could have significant repercussions on jobs either for Saint Nazaire, where Alsthom's yards are based, or for Glasgow. The issue could also pose a delicate dilemma for the French Government and Mr Alain Madelin, the Industry Minister.

Mr Madelin has adopted a tough free market approach to the shipbuilding industry, deciding last year to reduce state aid substantially to French yards. This decision forced Normed, with Alsthom one of the country's two main shipbuilding groups, to file for bankruptcy paving the way for the closure of three yards.

However, the Government is also coming under pressure to avoid further redundancies in the sector, as well as what could prove politically damaging labour unrest.

Italian deficit

Italy's overall balance of payments showed a deficit of L1,145bn (£584m) last month compared with a deficit of L843bn in December, 1986, provisional Bank of Italy figures show. In January, 1986, Italy had an overall payments deficit of L3,044bn.

US presses allies on joint arms projects

BY DAVID BUCHAN, DEFENCE CORRESPONDENT, IN BRUSSELS

THE US Administration is to urge its allies at a specially convened Nato ministerial meeting here today to join it in earmarking funds for joint arms collaboration projects.

Congress has set aside $250m for collaborative defence research and development under an amendment sponsored by Senator Sam Nunn, chairman of the Senate Armed Services Comittee. Nato allies need to reach intergovermental agreements on projects by the end of September in order to draw on this money.

Mr Robin Beard, the Nato assistant secretary general for defence support, said yesterday that in order to harmonise and accelerate budgetary agreement by the various allies on these joint projects, "it would be ideal if every country had its own Nunn pot of money." Nevertheless with the September deadline, alliance members were being far speedier in negotiating collaboration than in the past.

Without the Europeans making some reciprocal gesture on joint funding, political support in Congress for alliance defence collaboration might wane, warned Mr Beard, a former congressman. However, this support was currently strong and so far unaffected by congressional complaints about European civil trade protectionism, he believed.

Today's meeting of deputy defence ministers responsible for arms procurement will also discuss the problems of the less developed defence industries of southern Europe—Greece, Turkey and Portugal.

The US Administration is anxious that recent congressional cuts in American security assistance to Nato's poorer southern flank countries should be offset by these countries being given a larger slice of work in defence collaboration projects.

The bigger European countries—with the exception of West Germany which joins the US in giving some military aid to southern Europe—feel that any enlargement of joint projects will threaten their management and efficiency.

The seven joint projects likely to benefit from Nunn amendment funding already involve a large number of countries. Ten nations have signed a formal memorandum of understanding on development of an identification system, and three countries have reached a similar accord on test facilities of airborne radar.

Other projects yet to be finalised concern precision guided missiles (nine countries), modular stand-off weapons (seven), a multi-function information distribution system (eight), a battlefield information system (eight countries and two Nato agencies) and standardisation of military use of the ADA computer programming language (eleven countries and one Nato agency).

Lord Carrington, the Nato Secretary-General, launched an outspoken attack yesterday on the organisation's arms buying policies, Reuter reports. "I sometimes think the Soviet Union and its allies look at the way we in the West procure conventional military equipment and can hardly believe their luck," he said.

Writing in Jane's Defence Weekly, he said Nato's clear objective was to cut its reliance on nuclear weapons and boost its strategy of flexible response with more capable and effective conventional forces.

"Substantial gains in efficiency can, and must, be achieved in defence procurement through increased and improved Allied arms co-operation," he said.

The alliance could no longer afford the luxury of such things as four different main tanks designed to fight the same battle in the same place on the same day, but unable to use each other's ammunition, or more than six different national tactical communications systems

Way clear for better US-Polish relations

BY CHRISTOPHER BOBINSKI IN WARSAW

THE DECISION by Washington to drop its economic sanctions against Poland last week has opened the way for an improvement in relations between the two, and the signs are that the focus of bilateral interest will shift from human rights to economic issues.

Next weekend, Mr Jozef Czyrek, one of General Wojciech Jaruzelski's most senior party colleagues, travels to the US where he will see Mr George Shultz, the Secretary of State, Mr James Baker, the Treasury Secretary, as well as Polish-American leaders.

The latter have for some time been arguing that sanctions have merely served to push Poland into the arms of Comecon and that the question of economic relief should now be examined.

More bilateral economic co-operation is also the message pressed on Mr Tom Hayden, the California State Assemblyman and his spouse Jane Fonda by Mr Lech Walesa, the solidarity leader, while they were on a four-day trip to Poland this week. Actually how that is to be achieved is the question for the coming months which will also see a meeting of the joint Polish-American trade committee which has not met for six years.

Last year, Polish purchases in the US were worth $150m, while Polish exports reached $260m. The turnover achieved was a far cry from talk of $1bn as a target for the late 1970s.

"Not many US companies are keen on coming out to Poland," say US officials and the country's continuing inability to keep up with its debt service payments to Western governments is a serious stumbling block to new credits.

As for the recently removed sanctions, little immediate relief can be expected for the Polish economy. Most favoured nation (MFN) treatment, now restored, did not cover exports of Polish ham which made up the bulk of sales to the US. They began to slide in 1981 when domestic demand radically cut the amounts available for export.

Markets for manufactured goods which were hit to the tune of $20m-$40m a year by the removal of MFN in 1982 have been lost and it will take time to regain them.

As for the lifting of the ban on new credit to Poland, until the debt issue with the West as a whole is resolved, this too is likely to be academic, altough a neutral stance by the Americans on the question of a stand-by credit request by Poland to the IMF would no doubt help.

Both the IMF and the US are likely to press the Poles to move ahead with decentralising, market-orientated reforms as a solution to the country's economic plight. Human rights will remain an issue but it seems clear that the US will not be in a position to force concrete positive changes, such as a recognition of Solidarity.

The Polish authorities are aware, however, that any retrograde steps, such as a return to jailing political opponents would sour relations, once more making the prospect of economic relief even more distant.

Mr Tom Hayden goes as far as to say that the US was given "no guarantees on human rights when lifting sanctions," and as he left Poland yesterday he noted that the US Administration had a "responsibility to signal that the issue was not forgotten."

UN envoy says proposals on troops pull-out put to Afghan talks

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPENDENT, IN GENEVA

Shevardnadze (left): met both sides in Moscow

THE ONLY obstacle to an Afghanistan settlement was a time-table for the withdrawal of Soviet troops, Mr Diego Cordovez, the UN special mediator, said here yesterday.

Mr Cordovez, speaking before the latest round of indirect talks resumed between Pakistan and the Afghan Government, said all other matters in his four-point peace plan had been agreed. He confirmed that both sides had come to Geneva with new proposals for a withdrawal time-table after an intensive round of diplomatic consultations.

The Afghan Foreign Minister, Mr Abdul Wakil, and his Pakistani opposite number, Mr Yaqub Khan, who are leading their respective delegations to the Geneva talks, have had talks in Moscow over the past week with Mr Eduard Shevardnadze, the Soviet Foreign Minister.

Though little of substance has leaked from these consultations, the Soviet Union is believed to be ready to advance the deadline for the withdrawal of some 115,000 troops from Afghanistan from its original proposal of four years to two years or even, according to some reports, to 18 months.

The Pakistanis, who have demanded that all Soviet troops be out of Afghanistan within four months of a settlement, are also understood to be prepared to compromise, though it is not clear to what extent.

The proposed settlement comprises four legal instruments. The three matters on which an accord has already been reached are a bilateral agreement between Afghanistan and Pakistan concerning non-interference and non-intervention; a technical documet dealing with the voluntary return of Afghan refugees; and a declaration of guarantees of the settlement by the Soviet Union and the US.

Mr Cordovez said there was also agreement on UN monitoring of the settlement's implementation. He stressed, however, that the crucial and sensitive issue of the nature of the government of "national reconciliation," which would be installed following a settlement, did not fall within his competence and would have to be the subject of further negotiations.

"I have always assumed this process (the Geneva "proximity" talks) would serve as the catalyst for another post-settlement process," he said. The best attitude was to encourage the Afghans themselves, including the Mujahideen rebels, to discuss their own future political regime.

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Syrians consider the dangers of Hizbollah suburbs

BY OUR MIDDLE EAST STAFF

THE PROSPECT of a major confrontation between Syrian forces and pro-Iranian Islamic fundamentalist militiamen of Hizbollah (Party of God) loomed in the southern suburbs yesterday following the clash on Tuesday night in which 22 militants were reported to have been killed.

The most serious resistance yet to the Syrian intervention occurred in the Basta district of West Beirut. Whether or not the 7,000-strong task force would venture into the teeming southern suburbs where the Shia extremists predominate has been a matter of speculation but it seemed yesterday that the occupying force might be goaded into an area fraught with danger.

For the time being at least the mainstream Shia movement Amal and the Druze Progressive Socialist Party — whose bloody conflict last week prompted Syrian military action — have accepted the dictat that their militias should close their offices and disarm in West Beirut.

Syrian troops yesterday sealed off the stronghold where the Hizbollah gunmen were killed. A hospital spokesman was quoted as saying: "They were all axed or bayonetted to death . . . they were all killed in hand-to-hand combat."

No Syrian casualties were reported.

Militant elements related to Hizbollah—the shadowy Islamic Jihad—have been responsible for most of the kidnappings of Western citizens over the past three years. It is believed that Syria would like to bring about the release of some of them to counter its reputation as a state sponsoring terrorism.

Richard Johns writes: in London the Foreign and Commonwealth Office said yesterday that there had been no contacts, direct or indirect, between the UK and Syria about a resumption of diplomatic relations which were broken off in October.

Britain is still looking for concrete evidence that Damascus has stopped sponsoring terrorism, a spokesman said with reference to the cause of the rupture—the Syrian Embassy in London's involvement in an attempt to plant a bomb on an Israeli El Al flight from Heathrow to Tel Aviv.

It is understood, however, that Damascus had put out "feelers" aimed at a rapprochement. They are said to have met a cold response in Whitehall not the least because the British Government is irritated by what it sees as a gauche campaign by Syria to make it look as if the UK is the suitor in an attempt to bring about the release of three British hostages, including Mr Terry Waite, the Archbishop of Canterbury's special emissary.

Shamir let off lightly on Washington visit

BY ANDREW WHITLEY IN JERUSALEM

NO ISRAELI Prime Minister considers himself to have been legitimised until he has been to Washington, remarked one senior Western diplomat this week. Mr Yitzhak Shamir, the current incumbent, was in the US at the time, doing the rounds of the White House, Congress and Jewish organisations.

Mr Shamir may now have greater domestic legitimacy, following his return home yesterday from a ten-day tour of the US, but approval from the Reagan Administration remains to be gained.

Washington has not disguised too heavily its natural preference for Mr Shimon Peres, the Labour leader now serving as Foreign Minister. However, uncritical support had been expected from the newly elected, democrat-controlled Congress. And, in President Ronald Reagan and Mr George Shultz, the US Secretary of State, Israel believed it had the stoutest backers its most fervent Washington lobbyists could wish.

Indeed, if it had not been for these intrinsic assets and the historic special relationship between the two countries, the Shamir visit would have been a debacle.

He got off relatively lightly in Washington, but the atmosphere was undoubtedly clouded by the poisonous underlying suggestion that "Irangate" was all Israel's fault.

As with the case of Mr Jonathan Jay Pollard, the US navy intelligence analyst caught spying for Israel, the National Unity Government has made clear that its co-operation with Washington over Irangate would be strictly limited.

In a remarkable feat of bungling, resulting largely from the Shamir Government's complacency over expected unquestioning support, Israel has managed simultaneously either to irritate or embarrass the US Congress, the Justice Department, the State Department, the Pentagon and the White House.

Just at the time when the State Department's Arabists were on the run and Middle East policy condemned to the back burner, Mr Shamir succeeded in alienating the US Secretary of State by his blunt refusal to even consider an international conference on the Middle East.

Running down a checklist of a dozen current issues raised during Mr Shamir's visit, nine can be identified on which Israel and the US were on opposite sides of the fence—and a paltry three on which they saw eye to eye.

Apart from Iran, the Pollard affair and other related espionage cases, not to mention the Middle East peace conference, the US took Mr Shamir to task over his failure to implement the structural economic reforms promised in return for emergency financial aid in 1985.

Peres plays down split

MR SHIMON PERES, the Israeli Foreign Minister, yesterday attempted to dampen speculation about an imminent rupture in Israel's coalition government over an international Middle East peace conference, Tony Walker reports from Cairo.

Mr Peres, the Labour Party leader, arrived in Cairo amid reports that Israel's "National Unity" Government was on the brink of collapse because of fundamental differences between partners on avenues to a settlement of the Arab-Israeli dispute.

Egyptian officials say they expect little constructive to emerge from Mr Peres's visit. A Foreign Ministry official said the invitation to Israel's Foreign Minister was a "gesture to Peres and the peace-oriented group in the Israeli Government." He meets President Hosni Mubarak today.

Egypt close to debt deal

BY TONY WALKER IN CAIRO

EGYPT and its leading Western creditors are expected to conclude a comprehensive debt rescheduling programme by May, according to a senior Egyptian official.

This follows a draft agreement between Egypt and the International Monetary Fund on economic reforms in exchange for a $300m standby credit.

Dr Shakhur Shaalan, the IMF's regional director, left Cairo yesterday for Washington with a copy of the agreement which with additional documentation, is expected to be presented to the IMF board by the middle of April.

Egypt has agreed on measures to reduce its budget deficit, increase energy prcies, reform its exchange rate, increase "farmgate" prices, liberalise interest rates and offer greater incentives to the private sector.

Egyptian ministers are describing the proposed arrangements with Egypt's creditors through the offices of the Paris Club as a multilateral rescheduling. Egypt's government-guaranteed debt amounts to about $12bn.

Stefan Wagstyl visits prospectors in the Australian bush

Third gold boom for Kalgoorlie

JOHN JONES of Kalgoorlie owns a sheep station, a haulage company and three hotels.

But none of this takes up as much of his time as a patch of dusty red scrubland called Davyhurst which has never earned him a cent. This is Mr Jones' claim. The chance that it might one day produce gold for Jones Mining is what drives the 40-year-old prospector to spend days in the 100-degree heat of the Western Australian bush. "Mining is where the real bonanzas are," he says.

Thousands of others have been caught up in a modern gold rush which began in 1980 when gold prices soared.

Old-time prospectors have been joined in the bush by everyone from Exxon geologists to weekend trippers with metal detectors. Some old-timers sell for cash to the first lawyer who approaches them. Others pretend that nothing has changed: at Kanowna, 10 miles north of Kalgoorlie, an 88-year-old man still lives alone in a tin shack, reputedly with A$1m hidden away. Around him are the tracks cut by 70-tonne lorries and bulldozers building a new mine.

Kalgoorlie looks like a town surrounded by primitive earthworks. In each direction the roads pass vast pits, maybe 500 feet wide, 1,000 feet long and 200 feet deep. Alongside are piles of red ore waiting to be fed to the mills which grind rock day and night, seven days a week. Above the town, lights gleam at night on the new Cassidy shaft of Mount Charlotte mine, as if on a giant Christmas tree. All this is new —10 years ago Mt Charlotte was the only mine left in Kalgoorlie and was itself threatened with closure.

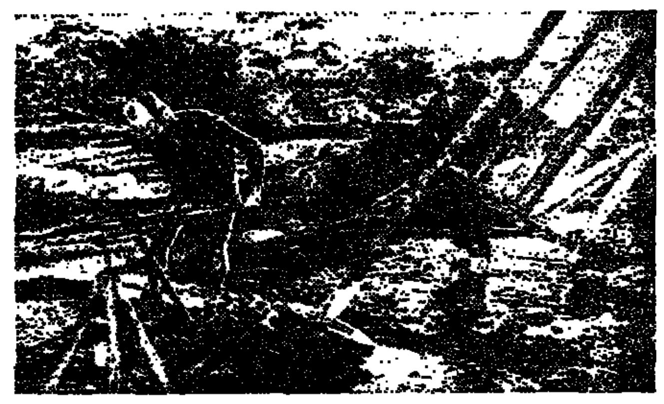
This is Kalgoorlie's third gold boom. The first, in the 1890s, brought impoverished families 300 miles on foot from Perth on the coast, pushing wheelbarrows in front of them. Then, in the 1930s, Government hand-outs of mining leases, shovels and flour encouraged the unemployed from the eastern states to try their luck. Now prospectors usually fly from Perth and drive into the bush in four-wheel drive Toyota trucks.

For many prospectors, the difficult part is not finding the land, but raising the money to drill it. Banks refuse to lend to small companies, let alone individuals for exploring "blue-sky" prospects. So often the only answer is to float a company on the stock market. The first meeting with a broker puts some prospectors off for good. One company chairman recalls how he was told he needed two things to get money—"a new suit and dirt under your finger nails." Fortunately for Kalgoorlie, investors in Perth love gold companies—two or three new ones are floated almost every week.

An alternative source of funds is the joint venture with a larger company willing to buy into a prospect. Sometimes this works: there is great respect in Kalgoorlie, for example, for Western Mining, Australia's largest gold producer. But someties it does not. "My joint venture partner is the pits. They've done nothing for 18 months," says one impatient company chairman who had better remain nameless.

All this activity has brought together a varied cast of characters There is 46-year-old Mr Phil Crabb, chairman of Australis Mining, who was born into a Kalgoorlie mining family and made his fortune as a drilling contractor before starting a mining company. "Ask me what I'm worth. I'll tell you. A$75m (£6.5m)," he says. Mr Crabb races horses. His brother Jeff, a real estate agent and a co-director, prefers greyhounds.

Mr Denis Horgan, the steely-eyed accountant who is chairman of Barrick Mines, owns half the company which is capitalised at over A$200m. He won't say what he is worth. His private company, Barrack House, has interests in energy and high technology as well as a vineyard and a three-masted brigantine, which takes visitors to watch the Americas Cup yacht races. Mr Horgan is a patrician of Perth.



Test drilling for gold near Kalgoorlie.

Mr Quentin Amos, a Perth stockbroker, says: "You know who the real geologists are. You see them out in the bush." But today's prospects can comfortably work from Fremantle, Sydney or Melbourne. Private planes connect Perth to Kalgoorlie, Cue and Wiluna and anywhere else with an airstrip. For those without a plane of their own, Mr Horgan's Barrack House runs an air charter.

Mine workers, too, are reluctant to live anywhere more remote than Kalgoorlie. At Wiluna, an aborigine township on the edge of the Gibson Desert, mine manager Mr Shaun Argus says: "If you've worked here three months, you've been here a long time." In Kalgoorlie, talk of Wiluna brings the incredulous reply: "You went to Wiluna?"

Jacobs: finances in a strong position

Hong Kong cuts taxes after economic growth of 9%

BY DAVID DODWELL IN HONG KONG

HONG KONG'S economy grew by almost 9 per cent in real terms last year, and can expect growth of more than 6 per cent in 1987, Mr Piers Jacobs, Hong Kong's Financial Secretary, revealed yesterday as he presented his maiden budget.

An unexpected HK$4bn (£333m) surge in tax payments, linked with a buoyant export performance in 1986, produced a government budget surplus of more than HK$3bn and allowed Mr Jacobs to offer cuts in personal and corporate profits tax. At the same time he signalled a review of tax policy in the year ahead that is likely to lead to more indirect taxation.

"Our public finances are in a strong position," Mr Jacobs said: "We can look forward with reasonable confidence to broadly balanced budgets over the next few years." He aims for a steady surplus of HK$1.5bn over the remainder of the decade.

The strong economic performance in 1986 was due in large part to an excellent export performance in the second half of the year to countries such as Japan and West Germany. It comes after a year of stagnation in 1985, when real growth in Gross Domestic Product (GDP) amounted to a meagre 0.6 per cent, and is almost twice as good as the 4.5 per cent GDP growth forecast for 1986 in the budget last year. The GDP in cash terms amounted at the end of 1986 to HK$921bn, with per capita GDP at HK-53,000.

Real growth in Hong Kong's GDP is estimated to have been 8.7 per cent, with total exports surging by 15 per cent. Retained imports — an approximate measure of investment in the manufacturing sector — also rose by 13 per cent. Meanwhile, unemployment remained at a record low of 2.2 per cent, with inflation amounting to 2.8 per cent over the year.

Despite uncertainties over the export prospects for 1987, the Government is forecasting growth of 6.2 per cent, with inflation rising to 6 per cent as import costs rise, and a tightening labour market leading to higher wage rates.

Labour shortages may limit export prospects for the year ahead, as will strict quota controls on textile exporters.

Personal taxes have been cut by half a percentage point to 16.5 per cent, with a variety of higher tax allowances being introduced which will save the average wage-earner about HK$1,000 a year.

Corporate profits tax has been cut by half a percentage point, to 18 per cent, costing the Government about HK$310m on an annual basis.

Along with inflation-related increases in a number of indirect taxes, Mr Jacobs revealed government plans to broaden the scope of indirect taxation. There is evident concern in the Government that more than 60 per cent of tax revenue comes from direct taxes, with a mere 43,000 taxpayers (8 per cent of all taxpayers) accounting for 52 per cent of direct tax revenue.

The Government also tackled the double taxation issue on two fronts—providing exemptions for people working outside Hong Kong for more than 60 days in a year, and promising further consideration of double taxation problems between Hong Kong and China.

The budget surplus allowed not only tax cuts and additions to fiscal reserves, but higher government spending after four years of austerity that has trimmed public spending to 16 per cent of GDP. Spending is expected to rise by 4.9 per cent. HK$6bn is being committed to new government projects.

Aquino honours military

By Richard Gourlay in Manila

PRESIDENT CORAZON Aquino yesterday honoured the part played by the armed forced in the military revolt that brought her to power in the Philippines exactly a year ago, but reminded them that their political role is now over.

Mrs Aquino appeared conciliatory but firm in a speech to troops, many of whose loyalties had been divided when ordered by then President Ferdinand Marcos to attack fellow soldiers and civilians during the revolt.

"You disobeyed the dictator (Mr Marcos) in obedience to the higher cause of freedom," Mrs Aquino said in a speech marking the start of anniversary celebrations. "You can be assured that so long as you remain responsive to the support of the people, the people will rally to support you."

Late into the night tens of thousands of people packed the highway between two military camps where much larger crowds last year had thronged to defend about 300 soldiers who had holed up after a failed military coup against Mr Marcos.

Earlier in her speech to the officers Mrs Aquino said they held a special place in her heart even though, since coming to power, she has had to deal with three failed coup attempts by disaffected soldiers.

Kaunda releases South Africans

FOUR South African men, detained without trial in Zambia for nine months on suspicion of spying for Pretoria, were released yesterday by President Kenneth Kaunda in the presence of the Zambian Cabinet, foreign ambassadors, and the media, Victor Mallett reports from Lusaka.

The four whites, aged between 23 and 28, were arrested in May last year shortly after South Africa had attacked alleged guerrilla targets in Zambia, Zimbabwe and Botswana.

Two West Germans and a Briton detained with them, who have already been released after pressure from their governments, say that all seven were tourists and that some members of the group were tortured and forced to sign confessions.

Taiwan party reshuffles key posts

TAIWAN'S ruling Nationalist Party yesterday announced a reshuffle of key positions within its Central Committee, marking the start of what many analysts expect will be sweeping changes in top levels of both the party and the government, Bob King reports from Taipei.

The changes are expected to bring more young pragmatists into key positions replacing their older conservative counterparts.

A political analyst privy to affairs within the party said Wednesday that many other appointments will be made over the next month that could alter the make-up of even the Cabinet and the party's policy-making Central Standing Committee.

Yesterday's appointments replaced five senior officials, including three deputy secretary generals, the director of the party's organisation department and its chief strategist for legislative elections which in December, saw the opposition Progressive Democratic Party win nearly 22 per cent of the popular vote.

Over the past six months the standing committee appointed by President Chiang Ching-Kuo has recommended both the ending of nearly 40 years of martial law and the lifting of a ban on the formation of new political parties.

AMERICAN NEWS

US wins right to land at Falklands base

BRITISH DEFENCE officials said yesterday that US civil aircraft will use the military air base on the British-ruled Falkland Islands in the South Atlantic, which are claimed by Argentina, Reuter reports from London.

Argentine diplomats based in Europe said the move would complicate the search for a settlement to their country's dispute with Britain over the islands which erupted into a war in 1982.

A spokesman for the Defence Ministry in London said US would be the first non-British civilian users of the new £450m ($661m) airport and barracks complex at Mount Pleasant.

He said there were no plans for US military involvement in the islands, which Argentina calls the Malvinas.

Britain had given permission to a US-led group which is carrying out scientific research drilling in the Weddel sea, between the islands and Antarctica, to use the Falklands to fly replacement crews in and out, he said.

A Boeing 747 of the US company Tower Air was due to make the first flight on March 12 carrying 160 replacement crew for the exploration ship Sedco BP 471 operating in the Weddel Sea for a University of Texas research foundation.

The ship would dock at the Falkland Islands military seaport at East Cove near Mount Pleasant for the changeover.

The Texas University foundation has involved West Germans, French, Canadians, Britons and Japanese in what is officially described as a scientific oceanographic project in an area where there are believed to be significant oil and gas deposits.

The Defence Ministry spokesman in London said the project was strictly scientific.

"We understand that they are not drilling for oil," he said.

The Argentine diplomats said they could not see how the use of the Falklands by US planes would help diplomatic efforts by the US to mediate between Buenos Aires and London.

Argentina has looked increasingly to the US for helping ending the stalemate with Britain since the war by getting talks going again and diplomatic relations restored.

The Government of President Raul Alfonsin says an extension of the use of Mount Pleasant base would be a step towards the permanent militarisation of the South Atlantic.

President Alfonsin has renounced force as a means of recovering the islands

Washington defeats rival in race for Chicago mayoralty

BY DAVID OWEN IN CHICAGO

INCUMBENT Chicago Mayor, Mr Harold Washington, moved a step closer to a second term this week when he narrowly defeated his immediate predecessor, Ms Jane Byrne, to win the Democratic mayoral nomination for 1987.

His Republican rival in the April 7 election will be Mr Donald Haider, a university professor and former Democrat, who, as expected won an easy victory for his adopted party's nomination.

Under normal circumstances, in the staunchly Democratic city of Chicago, the result would virtually guarantee Mr Washington a second four-year term in city hall.

On this occasion however, two further prominent local democrats, Mr Edward Vrdolyak and Mr Thomas Hynes, remain in the race, having opted to run as independents to avoid splitting the white vote in the party primary.

Since demograprics suggest that Mr Washington's pluralcy among the black electorate would ensure him victory in anything but a two-horse race, the city now faces a period of intensive lobbying to determine which of the mayor's remaining opponents has the best chance of beating him in the election proper.

Nitze in talks with Thatcher on ABM treaty

By Christian Tyler

US defence strategists yesterday embarked on an intensive new round of discussions with Nato allies about plans for Star Wars tests that the allies fear could undermine nuclear arms control negotiations with the Soviet Union.

Mr Paul Nitze, arms control adviser to the State Department, outlined the Administration's latest thinking on space-based defensive weapons tests in meetings in London with Mrs Margaret Thatcher, the British Premier, and Sir Geoffrey Howe, Foreign Secretary.

Mrs Thatcher reportedly encouraged the Americans to continue research "as a matter of commonsense" to the point of establishing the feasibility of the space shield project.

She made it clear that Britain regarded the controversial question of whether such tests are permitted by the 1972 anti-ballistic missile (ABM) treaty as a matter for its signatories, the US and the USSR.

Britain, however, appears to be insisting on the right to examine and comment on any plans that could alter the strategic balance or interfere with arms control negotiations.

In Whitehall it was confirmed by one official that the UK favours a "strict" interpretation of the 1972 treaty, seen by Nato as a cornerstone of the post-war nuclear deterrent balance.

Mr Nitze, who was accompanied by the hawkish Mr Richard Perle, assistant US Defence Secretary, repeated US official assurances that early deployment of Star Wars weapons was not being considered.

The two men were later due to meet Mr Helmut Kohl, the West German Chancellor and other senior ministers.

In New York, Mr Caspar Weinberger, US Defence Secretary, was quoted as saying that tests next year under a broad interpretation of the treaty could lead to deployment of the system as early as 1994.

Fawn flounces on to the Irangate stage

BY STEWART FLEMING, US EDITOR IN WASHINGTON

Fawn Hall—dramatic entrance

WASHINGTON'S Irangate arms scandal, with its cast of dull bureaucrats like Vice Admiral John Pointexter and shadowy figures from the demi-monde of the world arms bazaar has appealed primarily to those who have the time and patience to sort through the excruciating details of who did, said or sold what to whom and when.

On Tuesday night all that suddenly changed as a new character made a bow on all three major television network news programmes Ms Fawn Hall, the swashbuckling Lt-Col Oliver North's glamorous blonde secretary.

At 27 years of age – a grant of immunity from special prosecuter Mr Lawrence Walsh safely tucked into her pocket and, it would appear, a yen to translate her good luck in finding herself at the centre of a major political scandal into good fortune. Ms Hall flounced before the media with her lawyer at her side to claim her 15 minutes of fame and let her profile launch 1,000 movie projects.

Her mother, according to CBS news, worked for Lt-Col North's boss, former national security adviser Mr Robert MacFarlane, and she was the handsome Lt-Col North's secretary for four years until she returned to work at the Pentagon after he was fired in November.

Iran scandal investigators have been telling reporters that Ms Fawn helped Col North to shred secret documents as the scandal broke, although precisely which documents remains a bit of mystery. It seems that the shredding was, at least in part, a waste of time for copies were held on a central computer file.

In her sporty Fiero two-seater – licence plate FAWN 111 – she has been scampering around Washington moonlighting as a model at the Erickson agency, according to Ms Tricia Erickson, the owner.

On the assumption that she is invited to appear on Capitol Hill before investigatory committees on terms which she can accept, a nationwide television audience seems assured.

US SPACE AGENCY UNDER DOMESTIC AND INTERNATIONAL ATTACK

Nasa's 'hopes too high' for base

Peter Marsh reports on a meeting in Paris of the 13-nation European Space Agency to *discuss plans for the joint construction of a* space station to be put in orbit by 1994.

AS NEGOTIATIONS over the international space station project enter a crucial phase, the US National Aeronautics and Space Administration is coming under fire from domestic critics for having unrealistic expectations for the orbiting base.

The beleaguered space agency, which is struggling to rehabilitate itself in the wake of last year's Challenger disaster, may well find itself pressed in the coming weeks to scale down its plans for the project, largely because of the need to reduce costs.

Other critics suggest that Nasa should reduce the number of intended uses for the station, the development of which is due to be led by the US and include contributions from Western Europe, Canada and Japan.

The domestic criticism comes as the US is running into problems in the international discussions over building the base. At a meeting this week in Paris with the 13-nation European Space Agency, US officials are likely to be challenged over their view that the other nations should not be allowed to influence future US plans for military activities on board the station, which is due to be in orbit by 1994.

The overseas participants in the venture are worried that the US may want to use the structure for military research connected with the Star Wars programme. This application would conflict with the original intention for the base that it would be primarily civilian in character.

Under the schedule of all the countries, legal agreement over developing the base is due to be finalised by the summer, ready for the start of detailed design work in the autumn.

Observers believe that failure by the US and other countries to resolve the military issue will dim the prospects for meeting this timetable, which has already slipped by six months. The US is to hold separate meetings with Japan and Canada in March.

Under plans for the station, which is due to accommodate eight astronauts, the US is to contribute about $8bn to the development effort, with the other nations putting up about $4bn.

Nasa intends to build the base in stages, ferrying components into orbit on shuttle flights. The US is due to provide two modules for accommodation and scientific work. Western Europe and Japan are each to provide a laboratory for studies in areas such as low-gravity materials processing.

Canada's contribution is to be robotic hardware that will be used to build and maintain the base.

Besides providing equipment for materials studies and for defence-related work, the structure is intended to act as a base for astronomy experiments and earth observation and as a "garage in space" for repairing satellites. Ultimately, companies are expected to finance activities on the station, for example, research into making exotic biomedical materials under zero gravity.

According to some observers, this large number of roles may drive up costs and make it unlikely that the base can operate effectively. "The problem is that Nasa wants the space station to do everything for everybody," said Dr David Webb, professor of space studies at the University of North Dakota.

In the view of Dr Webb, the base should be built up gradually. This would cut costs by reducing the amount of hardware taken into space, for instance, equipment to provide solar power.

The efforts to persuade Nasa to scale back its plans coincide with a review by Nasa of the likely costs of the station.

Although the agency is for the moment keeping quiet about its calculations, onlookers believe the exercise is showing that the true cost to the US of building the base, as it is currently configured, may be $4bn-$6bn more than the planned $8bn.

These new estimates take into account the cash needed to add segments to the station between 1994 when astronauts are first due to go on board and 1997 when construction is scheduled to be finished.

Because of the increased costs, details of which will probably be made known in the next few weeks. Nasa is likely to come under fire from elements in Congress wishing to reduce the US's public spending deficit. Nasa is asking Congress for permission to spend $767m on the space station in the 12 months beginning in October, up from $420m this year.

Senator William Proxmire, an influential Democrat who is chairman of the Senate appropriations subcommittee which oversees Nasa's budget, said: "It is not too late" to scale down the agency's plans for the base." He added that the station should be built up in "incremental steps" and at a pace that would test whether commercial groups were interested in using the station.

One way in which this could be done, the Senator said, was by reducing the amount of time people would stay on the station. Instead of requiring the structure to be manned permanently, astronauts could visit the base every few months to tend experiments. By reducing the need for expensive life support systems, this could cut costs considerably.

Mr John Egan, a Washington consultant in space technology, said he thought that "a slimmed down version" of the station would soon be under discussion in Congress. He did not think this would harm the degree to which industrial groups ultimately decided to finance activities on the base.

Challenge to special prosecutor

By Nancy Dunne in Washington

ATTORNEYS for Mr Michael Deaver, a close friend and former aide of President Reagan, yesterday managed to stall, at least temporarily, legal proceedings against their client by raising "substantial questions" about the constitutionality of the 1978 law allowing special prosecutor investigations.

It was the second time in two days that the law has been challenged. Attorneys for Lt-Col Oliver North, the sacked national security council aide, filed suit on Tuesday in an attempt to block the criminal investigation of the Iran arms scandal.

After a nine-month investigation of Mr Deaver's private lobbying practice, the special prosecutor appointed to investigate charges against him had planned to ask a grand jury to indict him for lying to Congress and another grand jury.

However, Mr Deaver's attorneys convinced a federal judge to grant a temporary restraining order. A hearing was set for March 11 for a consideration of the legal challenge.

Lt-Col North's lawyers said yesterday that the law under which the special prosecutor was appointed is unconstitutional because separation of government powers gives the president the sole authority to appoint prosecutors in cases involving offenees against the US.

Special prosecutors are appointed by a special three-judge federal court created under the 1978 law in the aftermath of the Watergate scandal

WORLD TRADE NEWS

EEC seeks to open developing markets

By Peter Montagnon in Brussels

THE European Community is considering using the Generalised System of Preferences (GSP) scheme to help it prise open markets in certain newly-industrialised countries.

Such an application of the GSP scheme, whereby developing countries can win favourable treatment for their exports to the industrialised world, would mark a controversial departure for the EEC which has traditionally seen the scheme as an aid to development rather than a specific trade policy tool.

However, thinking within the European Commission, the EEC's executive body, has begun to change, following last year's GSP revision by the US which used threats of withdrawal of GSP privileges to force policy changes on copyright and counterfeiting from several Asian countries.

Discussions on a revision of the GSP for 1987 are just getting under way in Brussels. They are expected to last until autumn, but European officials say they expect pressure to mount for the system to be used to win concessions from some countries similar to those gained on a preferential basis by the US.

A case in point is South Korea which has opened its market to US insurance and banking concerns, but still excludes European companies operating in the same sector.

The officials said it would make sense to restrict European GSP rights in cases such as this, but they add that the GSP lever should be used only in a limited and selective way.

There is little point in using it against Latin American countries as this would only aggravate their already serious difficulties with their foreign debt, they said.

Late last year, the EEC Commission took the GSP issue to the European Court of Justice to determine whether a simple majority vote of the 12 member-governments, or whether unanimity, was required over the use of the system as a selective lever in trade policy.

If, as the Commission expects, the Court finds in favour of majority vote, the way would be open later this year for a more active use of the GSP in trade policy issues with newly-industrialising countries.

India has joined the growing list of nations trying to push exports in reluctant markets, **John Elliot** reports

New Delhi adds countertrade to its negotiating armoury

"WHEN Mrs Gandhi was alive your agent would get a call just when you thought you'd won a big project. He'd be told the file on the contract had got stuck on or near her desk and 2 per cent or more must be paid to the ruling Congress I Party to shift it.

"You still get those calls, but now it's to demand an official countertrade element in the contract."

Experts in the tortuous art of winning government contracts in the buyers' market of India say that this story, told by a New Delhi businessman, is not quite correct. The percentage cuts for political or other purposes, they say, are still sometimes demanded and the figures are often much larger, despite the anti-corruption policies pronounced by Mr Rajiv Gandhi, the Prime Minister.

But the main point of the story is true. Just over two months ago an unpublicised meeting of a cabinet office committee of Indian Government Department secretaries approved a new policy to begin encouraging extensive countertrading.

The policy, controlled by the Ministry of Commerce, is that all government departments and agencies are to aim broadly for at least 25 per cent and maybe as much as 50 per cent of countertrade on all projects, excluding costs offset by aid. Negotiations on purchases for commodities and defence equipment are to aim for anything between 5 per cent and 100 per cent, depending on the market conditions.

The policy has not yet been officially announced, nor widely reported. But it is being put into force and is likely to appear in some form soon in tender documents.

Companies are being told that offers of countertrade are a very strong plus factor and that, although they do not rate as highly as financial aid and total price, they might tip the balance between broadly equal offers and are virtually essential on bids for defence and commodity contracts.

How hard the Government will push for countertrade is not known. But it is clear that ministers and civil servants, expert at playing international competitors off against each other, have another significant negotiating weapon.

Companies currently affected include CGEE Alsthom of Finance on a major power station contract, British Rail, Rolls Royce and British Aerospace from the UK bidding for aircraft and railway coach contracts, Bofors of Sweden and various other armaments manufacturers, and Boeing, General Electric and a number of electronics companies from the US.

Along with countless other contractors and traders they are suddenly being asked to find Indian exports to cover substantial amounts of their contracts. About half of British Steel Corporation's $60m, exports of billet, strip and railway lines are already covered. Requirements for foreign companies to buy back products from joint ventures they set up in India are being stiffened.

India has therefore joined the growing list of developing and other countries turning to countertrade to save scarce foreign exchange and introduce exports into reluctant or resistant foreign markets.

"As far back as the 1800s the Indian economy has only been geared to exporting its surpluses, like the US, and it doesn't have well oriented markets," says Mr Sudhir Mulji, chairman of the State Trading Corporation (STC).

The policy decision has caused a major controversy, partly because of the hidden costs of countertrade and partly because critics say it is being used to boost bureaucratic power by the Metals and Minerals Trading Corporation (MMTC), which with the STC is one of India's two influential government - owned trading houses.

Mr Rajiv Gandhi

'The policy, controlled by the Ministry of Commerce, is that all Government departments and agencies are to aim *broadly for at least 25* per cent and maybe as much as 50 per cent of counter-trade on all prospects, excluding costs offset by aid.'

"The country gains little more than 10 per cent in additional exports and the consumer suffers higher prices. But the private traders get rich and the trading corporations go for volume-grabbing to increase their turnover to the exclusion of any consideration of quality or value," says Mr P. C. Luther, who refused to do any counter-trade deals when he was chairman of the STC from 1983 to 1985.

But the MMTC claims it is achieving 50 to 60 per cent extra exports, the remainder being re-routed through existing business. "We try countertrade in buyers' markets, not sellers' when terms could be dictated to us, and we won't pay the countertraders' 2 to 3 per cent mark up," claims Mr I. P. Hazarika, MMTC's finance director.

"It is a cardinal principle that we buy at the most competitive international prices, though we may accept a little less on exports to penetrate new markets. But we will not follow the path of other Third World countries who have burned the candle at both ends and have paid more for their imports and got less for their exports."

Some foreign traders, however, tell a different story. One European company whose import of a major commodity has been tied by MMTC to a large existing export to Japan says: "India gains nothing and the Japanese are laughing all the way to the bank. It's all existing exports grabbed expensively by MMTC to boost their turnover.

There was scarcely any countertrade in India until 1985, apart from long-established trade with the Soviet Union and other Comecon countries.

For many years foreign companies have been asked to buy back products from their Indian ventures to offset some foreign exchange costs and to use some Indian components for foreign-supplied equipment. This is now being pushed harder as part of the policy.

British Aerospace, for example, is offering to make parts for its 40-60 seat APT airliners in India and Aerospatiale is coming under pressure to do the same for its Airbuses.

But companies are finding it extremely difficult to discover sufficient internationally marketable Indian goods. India's poor quality and high prices are causing special concern among some US electronics companies which want to set up high technology joint ventures and are being asked for what they regard as unrealistic buy-back guarantees.

To ease the problem, some companies might take Indian labour abroad. Alsthom, which is trying to cover R1.03bn on its R5.4bn (£270m) Dul Hasti hydro-electric project, is thinking of using Indian contractors on some of its projects elsewhere. This fits in with India's ambition to link up with companies from developed countries in third markets.

But there is widespread sceptiscism about whether India will gain much overall and whether many of the proposed deals can be honoured in full. Mr Sudhir Mulji of STC sums up the general consensus: "It gives us in STC a lever to help the exporter, and it has a role to introduce new markets. But the disadvantage is that it may take people's eyes off the main thing of getting price and quality right."

Warning on China contracts

BY ROBERT THOMSON IN PEKING

JAPANESE COMPANIES have had to renegotiate contracts totalling almost Y40bn (£171m) with Chinese corporations in recent months, and Chinese officials have warned that further contract changes are likely because of a shortage of foreign exchange.

Foreign businessmen based in Peking say Chinese corporations have delayed payments on many contracts in recent months, and note that technology import organisations have been particularly slow to pay.

It is also understood that Li Peng, a chinese vice premier, last week advised a French delegation that foreign companies should "prepare themselves" for contract problems.

Japanese companies have been most affected because the appreciation of the yen has caught out Chinese corporations with quotas of foreign exchange that have proved to be inadequate.

A survey by the Japanese Association for the Promotion of International Trade found that in mid-1986, Japanese companies had problem contracts totalling almost Y40bn.

To salvage the contracts, some Japanese companies have reduced shipments and prices, while a few small companies are known to be in difficulty because of the complications.

One foreign analyst said Chinese officials emphasise that contracts are not being cancelled: "They just say that contracts are suspended for a long period."

China has apparently drawn heavily on its foreign currency deposits with foreign banks in recent months, and bankers in Peking note that the country has been unusually active on short-term money markets

Diplomats suggest that foreign exchange reserves could be propped up by the foreign borrowings

The last foreign exchange reserve figure released was $10.37bn (£7.4bn) at the end of September. But diplomats point out that the Treasury held only about $2.5bn—while the rest was held by the Bank of China, the bank responsible for foreign exchange dealings,

A spokesman for the People's Bank of China, the central bank, said yesterday that an up-to-date foreign exchange figure could not be released because it was a "secret."

Foreign businessmen based in Peking predict a slowdown in contract signings this year, as the country tightens control on the use of foreign exchange by provincial governments, which had been given more power in handling foreign exchange.

One diplomat suggested that Chinese officials are concerned because they can see that the grace period on borrowing since 1979, when the Open Door policy was launched, is about to expire, and the country will soon need to find extra foreign exchange.

Japan to invest extra Y24bn in Indonesia plant

By John Murray Brown in Jakarta

JAPAN is to invest an additional Y24bn (£103m) in the Asahan aluminium plant in North Sumatra, one of Indonesia's most important projects.

The investment made by Japan's Overseas Economic Co-operation Fund, and 12 Japanese companies will help the joint venture company repay its foreign loans, according to Indonesia's official news agency.

The plant has suffered sharp increases in its debt service costs as a result of the appreciation of the yen. Aluminium sales are priced in US dollars.

The company's losses have been rising steadily since opening in 1982, from R898m (£3.7m) to R51bn in 1985. Loan costs over that period are reported to have increased by 40 per cent.

Investment to date in the plant is estimated at $2bn (£1.4bn).

Sabena, SAS may agree air route co-operation

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AN AGREEMENT between Sabena, the Belgian flag airline, and Scandinavian Airlines System, on co-operation on both short-haul and long-haul air routes may come at a meeting of the two airlines in April.

The deal has been mooted for some time, but now seems closer than before. Any such pact would include not only joint operations but also the joint procurement of new aircraft.

Last month, Mr Carlos Van Rafelghem, Sabena's chairman, said that any accord with SAS would involve combining medium-range and long-distance networks in a system based on two "hubs" in Brussels and Copenhagen.

Sabena already has an agreement with British Caledonian Airways for joint flights between Brussels, Gatwick and Atlanta, Georgia.

Sabena is 52 per cent Belgian-Government owned. Mr Herman de Croo, Belgian Transport Minister, has said that he would like to see Sabena privatised at least partially this year by diluting the State's share or by selling off a profitable subsidiary.

● A new joint charter airline is being planned by the flag airlines of West Germany and Spain, Lufthansa and Iberia.

In Madrid yesterday, a spokesman for Iberia said that the aim of the new airline would be to carry holidaymakers to Spain from various parts of Europe, but especially West Germany.

"Talks are in progress between the partners," he said. "These are the Iberia affiliate, Aviaco; and Lufthansa's charter company, Condor."

Finnish group wins order for cruise liner

By Olli Virtanen in Helsinki

WARTSILA MARINE, the Finnish shipbuilding group has won an order for a cruise liner worth FM 700m (£100m) from the Swedish shipping line Rederi Ab Slite.

The vessel will be delivered in spring 1989 and it will operate between Finland and Sweden. The ship will be 175 metres long and will have a capacity for 2,200 passengers

The order will alleviate Wartsila's shortage of orders. The company recently gave notice to 450 workers at its Turku shipyard where the liner will be built. Now some of the notices will be cancelled.

Wartsila Marine originally announced plans to cut the combined workforce of 10,000 to 6,000. The total now stands at 8,500 and managing director Kari Airaksinen expects it to stay at that figure for the next few years.

UK NEWS

Big expansion of commercial radio planned

BY RAYMOND SNODDY

THE Government yesterday revealed plans for a big expansion of commercial radio and said it would like to see created three new national commercial networks and several hundred new local radio stations. Mr Douglas Hurd, Home Secretary, said the proposals in a green paper (discussion document) published yesterday were intended "to establish a framework for radio broadcasting which will take it into the twenty first century."

The aim, he said, was "to give radio its head" and increase competition and consumer choice.

The Government's approach combines support for the BBC's traditional role as a public service broadcaster with plans for significant deregulation of commercial radio.

The main proposals for radio include:

- Three new national commercial networks carrying music, sport, news and talkshows. One of the frequencies has been already allocated for commercial radio, the others would be withdrawn from the BBC;
- A new tier of local community radio stations serving special constituencies such as ethnic minorities;
- A new regulatory framework for the new commercial radio. The options being considered include expanding the role of the Cable Authority or the Independent Broadcasting Authority (IBA), or setting up a separate radio authority;
- The BBC would keep four national radio networks and six frequencies and continue with its national regional services in Scotland, Wales and Northern Ireland and perhaps complete its chain of local radio stations if it wished.

Mr Hurd said yesterday that the Government's preferred approach was to say to the BBC: "You know how much you are going to get in revenue for the licence fee, and you know what frequencies you have, so it's up to you to decide how to use them."

It could, however, be years before many of the changes proposed yesterday are implemented. Mr Hurd, made clear that a new regulator framework would have to be in place before approval for community radio was given.

If the Conservatives won the next general election, there would be a "substantial" Broadcasting Bill early in the next parliament. Thus it would be up to three years before changes proposed yesterday are implemented.

Mr John Whitney, director general of the IBA yesterday welcomed the opportunity the proposals gave for a constructive debate on the future development of national, local and community radio.

Mr Brian Wenham, managing director of BBC Radio, said the proposals were good news for listeners because the pattern of existing services was not going to be disturbed and because the prospect was offered of more choice from non-BBC sources in the years ahead.

Mr Simon Partridge of the Community Radio Association welcomed the proposals in general, but expressed disappointment that what had been a green paper on community radio had been "hijacked by national radio".

Labour hails Zircon retreat by Tories

BY IVOR OWEN

LABOUR Party leaders hailed as a major political climbdown the Government's decision not to seek continuance of its injunction against Mr Duncan Campbell, the New Statesman journalist, after his Zircon spy satellite disclosures.

Ministers sat in embarrassed silence in the House of Commons as the decision was announced.

The Attorney General, Sir Michael Havers, had obtained the court ban on Mr Campbell talking or writing about the £500m Zircon project on the ground of national security.

To cheers from the Opposition benches, the Speaker (chairman) Mr Bernard Weatherill, confirmed that, as the injunction was no longer in force, the ban which he imposed on a film about the project being shown within the parliamentary precincts had also been lifted.

Mr Peter Shore, Labour's shadow Leader of the House, icily contrasted the Government's failure to volunteer a statement on the lifting of the injunction against Mr Campbell with the high profile adopted by ministers when it was imposed in January.

He maintained that the ban on MPs seeing the film at Westminster had become increasingly absurd because it had been shown to large numbers of people in London, Glasgow, Cardiff and other centres.

Mr Shore said the Government's failure to contest the lifting of the injunction marked a total reversal of policy within a period of 28 days and required an explanation in a ministerial statement.

The Speaker said he had received no notification that a minister wished to make a statement.

Ignoring protests from the Conservative backbenches, Mr Robin Cook (Labour) contended that the Government had been unable to find any basis for a prosecution arising from the film.

He also claimed that the Government faced the prospect of a "substantial claim for damages" from the BBC because, in the opinion of the dean of the Faculty of Advocates, the raid which Special Branch officers made on its Glasgow headquarters was almost certainly unjustified.

Mr Cook questioned how last month's attempt by the Government to "muzzle the press" could be reconciled with this month's climbdown.

MPs were given an opportunity to see the Zircon film at Westminster last night.

Mr Justice McCullogh lifted the injunction against Mr Campbell in the course of a five-minute private hearing during which he was also freed from a restraint requiring him to preserve all relevant documents.

Mr Campbell gave an undertaking not to disclose any further officially secret information about the Zircon project. He commented: "I am happy about that because I do not have any such information."

The Government had acted hysterically, he added. "Now the hysteria is over."

Political fund voted by civil servants

THE LARGEST Civil Service union plans to urge its members to support affiliation to the Labour Party, after a big majority vote in favour of setting-up a political fund, David Brindle writes.

The union, the 149,000-strong Civil and Public Services Association, yesterday declared a ballot majority of almost 73 per cent for creating a fund for expenditure which could be deemed "political" under the terms of the Trade Union Act 1984.

The CPSA thus became the third union overall – the second in the Civil Service – to vote to set up a political fund on the back of the entirely successful campaign mounted by the 38 unions which were obliged by the act to hold ballots on retaining existing funds.

Mr John Ellis, the CPSA's general secretary elect, described the union's ballot result as "quite remarkable." He claimed it was a result which could not have been achieved but for what he felt was the Government's antipathy towards the Civil Service.

He said: "I think this result indicates just how much the Civil Service has been politicised by this Government since 1979."

■ **THE GOVERNMENT** is confident that Caterpillar, the US construction equipment manufacturer, is committed to the future of its Leicester plant in the Midlands, Mr Giles Shaw, the Industry Minister, told the House of Commons. He said a story in the Financial Times on Tuesday quoting Mr George Schaefer, the company's chairman, as saying the plant's position might be reviewed if the dollar weakened by a further 20 per cent, was based on an answer given "off the cuff to a hypothetical question in Las Vegas.

■ **TIMBER** production in Britain is unlikely ever to be profitable without large public subsidies, according to a report on forestry policy published by the Council for the Protection of Rural England. Written by Mr Philip Stewart, a lecturer at Oxford University, the effort says UK forestry policy is totally at variance with other Government policies – on loss-making nationalised industries, for example, or on subsidising industries with the aim of saving on imports.

■ **CENTRAL** Electricity Generating Board invited the media to examine pipework at Hinkley Point nuclear power station, Somerset, after claims that welding faults were deliberately concealed to speed up work there 16 years ago.

The alleged faults, which are not in the radioactive section of the plant, had been reported to the Nuclear Industries Inspectorate by Mr Bob Brookes, a former welder who is now a councillor on the Hinkley Point safety liaison committee.

■ **THE RAPID** fall of gas prices to industrial consumers in continental Europe was a major concern for some of their UK competitors, Mr James McKinnon, director general of Ofgas, the body which overseas British Gas's pricing policy, said. But under the law which established Ofgas last year, he said that he had no power to intervene directly in the industrial market for the fuel.

■ **THE TUC** rejected attempts by some unions to boycott the Government's job training scheme. In what is an important decision for the scheme's future, the TUC's General Council voted 30-10 to remain involved with the scheme.

■ **WEDGWOOD** Crystal factory in Kings Lynn, Norfolk, jointly owned by the Dartington Hall Trust and Wedgwood, is to close in the next few weeks with the loss of 150 jobs.

Government moves to extend freeing of telecom services

BY DAVID THOMAS

THE GOVERNMENT yesterday announced what it regards as the most important moves to extend the liberalisation of UK telecommunications since 1984, when legislation setting down the framework for privatisation of British Telecom was passed.

Yesterday's measures will have particular impact on value added and data services, especially the new generation of electronic information networks designed to service large business users.

Value added services, which are at the heart of the convergence between telecommunications and computing, are services sent over the telecommunications network which are more than basic voice communications.

They are to be fully liberalised for the first time. As a result, the introduction of managed data networks, a new development in which commercial information is exchanged between companies by computer over the telecommunications network, is expected to be speeded up.

The Government launched a consultation exercise in 1984 to see how the regulations should be rewritten and whether liberalisation should be extended.

It has now decided that all value added and data services, including managed data networks, should be completely liberalised.

It is also allowing companies with extensive computer networks, such as banks, building societies or oil companies, to sell their spare capacity to outsiders for simple data traffic for the first time.

In addition, the Government has also decided that:

- Companies with an annual turnover from communications of less than £1m and an annual total turnover of less than £50m can offer value added services without any conditions.
- Companies above these cut-off points will have to assure the Office of Telecommunications, the industry's regulatory body, that they are not cross-subsidising value added services.
- BT and Mercury will need the Government's permission if they want to enter a joint venture in value added services with a telecommunications or computer company with more than £1bn annual turnover.
- Companies will be able to route external calls anywhere within their own leased line network. This means a caller will be charged local rates if he dials a local office of a company and the call is then transferred internally over a long distance.
- Companies can do their own wiring up to 200 metres from any of their buildings, as opposed to 50 metres at present.
- Single line apparatus, such as dealerboards, will no longer need BT approval when attached to the public network.

Copyright breach case stopped

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A LEGAL action in which Amstrad, the audio equipment manufacturer, was alleged to have incited home tapers to commit criminal offences under copyright laws was stopped by the Court of Appeal in London yesterday.

By a 2-1 majority, the judges held that, under the 1956 Copyright Act, copyright owners claiming that their rights were being infringed by the alleged incitement did not have any legal remedy.

The majority judges said they reached their decision with profound dissatisfaction.

The action, by CBS Songs, EMI Records and Chrysalis Records – who also sued on behalf of members of the Mechanical Rights Society and British Phonographic Industry – had been given the go-ahead by the High Court last May.

Allowing Amstrad's appeal against that decision, Lord Justice Nicholls said that in 1984, Amstrad had introduced three new models of tape-to-tape recording machines. A feature was that it was possible to reproduce from one tape to another at twice the normal playback speed.

The machines, and that feature, had been advertised in terms likely to encourage home copying of favourite tapes, the judge said.

If the facts alleged in the action against Amstrad and Dixons – a retailer of the Amstrad systems – were correct, substantial manufactures and distributors were inciting others, on a large scale, to infringe copyright in circumstances where the copyright owners had no practical remedy against the actual infringers and could do nothing through the courts to stop them.

If that were so, the present state of the law was gravely defective, Lord Justice Nicholls said.

In a dissenting judgment, Sir Denys Buckley said that the underlying cause of the action was the apparent inefficacy of the law to protect copyright owners against widespread infringement by the use of modern electronic copying devices.

European Ferries chairman resigns in P&O reshuffle

BY TONY JACKSON

MR Geoffrey Parker, chairman of European Ferries, has resigned. His place has been taken by Sir Jeffrey Sterling, chairman of P&O, whose takeover of European Ferries took effect last month.

Mr Parker, who had approached P&O for the agreed bid, said: "There is no acrimony between P&O and me – I would as soon work for them as anyone else in the world. But I have had a hankering for years to run off and do something on my own".

Mr Parker, who had been with European Ferries for 27 years, made his reputation building up the port of Felixstowe, on the east coast of England. He said: "I will probably start my own company or buy one, and probably in the field of transport".

It is understood that P & O intends to do away with European Ferries as an operating entity, taking its divisions into the P & O framework. Townsend Thoresen, European Ferries' ferry business, will now report to Mr Peter Ford, the P & O main board director responsible for ferries, as will the port interests.

European Ferries' troubled US property interests, held by EF International Inc, are to be run by Mr Bruce MacPhail, the P & O director responsible for property. Mr John Dick, previous chairman of EF International, is to move to deputy chairman.

The changes are seen as being in line with P & O's policy of operating a flat rather than pyramidal structure, with each operating company having its own managing director reporting to the centre.

The managing director of Townsend Thoresen is to be Mr Graeme Dunlop, and Mr Robert Guille is to be managing director of European Ferries' ports. Both are appointed from within P & O!

Barclays allows unit to analyse its shares

BY DAVID LASCELLES, BANKING EDITOR

BARCLAYS Bank, the UK's second biggest clearing bank, has decided to permit bank stock analysts in Barclays de Zoete Wedd (BZW), its investment banking subsidiary, to continue to analyse and comment on its own shares.

The decision follows a policy review in the wake of an incident last month when BZW's analysts published a highly critical report on Barclays' recent profit performance and advised investors to switch into NatWest and Lloyds. The report triggered a top level row

The decision was taken in time to allow the analysts to comment on Barclays Bank's 1986 results, which are to be published today.

A Barclays spokesman said the bank had decided "it would be inelegant to stop BZW analysts commenting on a major stock in a major segment of the market."

The incident had attracted widespread interest because it presented Barclays with a test of its ability to manage some of the changes brought about by last year's Big Bang, the deregulation of financial markets, which brought together banks and stockbrokers under the same roof and was expected to lead to interdisciplinary clashes.

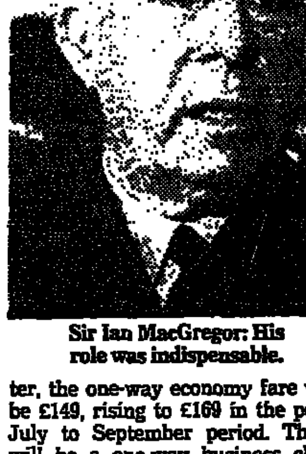
Highland Express starts Atlantic service in May

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

HIGHLAND Express, a new Scottish-registered airline, yesterday announced that its low-fare transatlantic service will start operating from Prestwick Airport on May 30.

The airline, which has had two false starts, is the brainchild of Mr Randolph Fields, the US-born lawyer who founded the airline later taken over by Mr Richard Branson to become Virgin Atlantic.

Almost £5.3m has been raised in the form of equity and grants to finance Highland Express. A crucial role in raising the money has been played by Sir Ian MacGregor, former chairman of the National Coal Board, who is the airline's chairman.



Sir Ian MacGregor: His role was indispensable.

Highland Express has permission from the UK Civil Aviation Authority to operate services from Prestwick, the under-utilised continental airport south-west of Glasgow, as well as from Stansted, London, and Birmingham, to Newark, New Jersey, and to Toronto in Canada.

It will fly from Prestwick five times a week to Newark and twice weekly to Toronto. Services from Stansted and Birmingham via Prestwick will begin from June 20. The airline will operate one leased Boeing 747 and will fly all the year round.

The first 5,000 economy seats will be sold at an inaugural fare of £99 one-way to North America. Thereafter, the one-way economy fare will be £149, rising to £169 in the peak July to September period. There will be a one-way business class fare of £395. These fares are subject to approval by the US, UK and Canadian Governments.

Highland Express aims to appeal to the market for friends and relatives visiting between the UK regions and North America. Mr Fields believes that this market is to a large extent untapped by existing scheduled services. He said at Prestwick yesterday that he expected UK traffic to originate roughly half and half from Scotland and England.

But, with the current state of the dollar-sterling exchange rate, he expects about 55 per cent of traffic to originate in North America.

The airline will also serve businessmen flying between North America and Scotland. Sir Ian said yesterday that Scotland needed an international airline to bring US businessmen directly to one of the main areas of US investment in Europe.

Highland Express will create about 200 jobs at Prestwick. The Industry Department of Scotland is making a £1m regional assistance grant to the airline.

Mr Fields' first two attempts to launch Highland Express failed mainly because of insufficient finance. He said yesterday that Sir Ian had been indispensable to getting the airline off the ground.

● The UK Government remains totally committed to the principle of competition between the UK airlines, both on internal and international routes, **Michael Donne, Aerospace** *Correspondent*, writes. Mr Michael Spicer, Aviation Minister, told the Aerodrome Owners' Association in London yesterday that competition meant choice and greater choice means that the initiative is handed over to the customer.

Councils 'should put more services to competitive tender'

BY ANDREW TAYLOR

THE AUDIT Commission yesterday backed government proposals which will require councils to put out to private tender a greater range of local authority services.

The commission, the council spending watchdog, said in a policy paper: "All local authority services should be subjected regularly to the test of the market place."

It claimed savings of up to £500m a year could be achieved in housing maintenance, vehicle management and refuse if councils raised their levels of efficiency to those of the top performing 20 per cent of local authorities.

Measures to enforce competitive tendering on local authorities were dropped last week from the Local Government Bill, due to be published shortly.

Mr Nicholas Ridley, Environment Secretary, said the proposals had been shelved because of the length of time it was taking to draft the bill. The Government intended to re-introduce the proposals at the first opportunity.

The commission did not refer directly to the Government's proposals but said: "direct labour organisations (DLO) and private suppliers should compete for as much local authority business as possible."

Previous studies had shown that costs to ratepayers were higher if services were not subject to competition.

One survey had found that the cost of electrical rewiring charged by private suppliers varied between £218 and £396 per dwelling, compared with an average cost of about £600 when the work was not put out to competitive tender.

"The most competitive direct labour organisations have costs that are lower than the prices quoted by the average private suppliers; but on average DLO costs are more expensive to ratepayers," said the commission.

It claimed creative accounting and clumsy regulations had allowed many DLOs to retain work even where legislation did require contracts to be put out to tender.

It said it would not be desirable in every case for contracts to be awarded to private suppliers. This could replace a public monopoly *with a private one.*

Mr David Blunkett, leader of Sheffield City Council and president of the Local Government Information Unit, yesterday challenged the commission's emphasis on cost effectiveness, saying it ignored the quality of service provided.

Brother microwave oven plant for Wales

By Robin Reeves

BROTHER Industries is to join the growing band of Japanese companies establishing a local manufacturing base to compete in the rapidly expanding UK and European continental markets for microwave ovens.

The Japanese electronics group's Nagoya headquarters said yesterday that it planned to extend its UK manufacturing activities at Wrexham, North Wales, to produce 200,000 microwave ovens annually. Production is expected to begin at the end of the year.

Brother began manufacturing electronic typewriters at Wrexham two years ago.

The company headquarters also revealed that negotiations are underway with local component suppliers to ensure that the domestic content of the ovens exceeds 45 per cent.

Three other Japanese electronic groups with manufacturing operations in Wales, Sharp Corporation (which is also in Wrexham) and Matsushita and Hitachi in South Wales have already unveiled plans for diversifying into microwave ovens.

NATIONAL INSTITUTE ECONOMIC REVIEW

US deficit 'unlikely still to dominate the world economy'

BY JANET BUSH

THE US current account deficit will narrow in response to the depreciation in the dollar and is not expected to remain a persistent feature of the world economy for the rest of the decade, according to the National Institute of Economic and Social Research.

The institute forecasts very strong growth in US exports this year and next, possibly in double figures for both years. Imports could flatten in 1987 and then fall in 1988 as the full effects of the dollar's depreciation feed through.

In West Germany and Japan, export volume growth already showed signs of levelling off or falling in the second half of last year and this depressed picture is expected to continue. In contrast, import volume growth in Germany has remained strong, while the rise in non-oil imports recorded in Japan in 1986 could exceed 20 per cent.

The Institute believes that the fall in the dollar's value so far is not enough to eliminate the US current account deficit. On an *assumption that domestic demand grows* at about 3 per cent a year from 1987 to 1991 both in the US and overseas and the real value of the dollar *stays at its end-1986 level, the institute* forecasts that the current account deficit would be half its 1986 value around 1989.

"Thus, although the effects of this depreciation are sizeable, they are not enough on their own to restore current account equilibrium," the institute said.

It forecasts average growth in US domestic demand of 2.6 per cent between 1985 and 1988 compared with 4.5 per cent in Japan and 4.2 per cent in West Germany. The institute is also expecting some further depreciation in the dollar.

"Taken together with the effects of the past depreciation, these developments could go a long way towards eliminating the US current balance deficit by the end of the decade," the institute said.

An effective depreciation in the dollar of around 10 per cent at the end of this year compared with levels prevailing at the end of 1986 is also predicted. This would be accompanied by an appreciation in Germany's effective rate of a similar magnitude but a more modest appreciation in the yen.

The institute forecasts that the German current account surplus will fall from around $40bn in 1986 to about $30bn in 1988 and that the *Japanese surplus will fall from over* $80bn to about $70bn.

FORECAST FOR WORLD ECONOMY
Percentage change

	Total world trade	Manufacturing trade volume %	OECD industrial production	Major seven GNP	Major seven Consumer prices	World manufacturing prices ($)	Oil price ($)
1985	3.1	4.2	3.3	2.9	3.9	1.5	− 4.4
1986	5.0	0.8	1.4	2.5	2.2	20.8	−44.2
1987	4.5	4.4	2.7	2.8	2.9	10.4	21.6
1988	3.7	4.5	3.2	3.1	3.2	6.1	7.1

Japanese education 'challenges Britain'

BY JANET BUSH

THE example set by Japanese industrial success, strongly based on high standards set during compulsory schooling and more advanced vocational training, raises serious questions as to whether educational targets in Britain are set high enough.

A study carried out by the National Institute of Economic and Social Research shows that Japanese school children attain substantially higher skills in mathematics and science than British school children and that Japan's full-time secondary technical and commercial schools train at least three times as many young people, aged between 16 and 18, up to technician level than in Britain.

Any training subsequently provided at work in Japan can build on these foundations and training within industry can, therefore, be more specialised, more effective and more worthwhile to employers.

The study asks whether education policies in Britain to improve achievements in these areas "are being pursued with sufficient urgency having regard to the steady growth of industry abroad, and the competition it provides to home industry."

Present policies in Britain are heavily directed towards the expansion of part-time, rather than full-time vocational training.

While welcoming the extension of the Youth Training Scheme from one to two years, the study concludes that the example of Japan suggests that the full-time route towards vocational qualifications should also be much extended.

The study welcomes proposals for City Technology Colleges for 11 to 18-year-olds but notes that, even by 1990, only 20 of these are envisaged. It also points out that the initiative to increase the vocational content of full-time schooling for 14 to 18-year-olds is only just emerging from its pilot stage.

"Both of these ventures are thus hardly more than acorns out of which great oaks may – or may not – grow. Much remains to be done if they are to parallel Japanese attainments in vocational training," the study comments.

It goes on to say that the urgency of raising general schooling attainments at early schooling ages in Britain could not be over-emphasised.

"A higher starting point in general subjects is necessary if vocational studies at all levels are to be pursued here as successfully as in other industrially-progressive countries."

Higher Japanese schooling attainments have apparently not absorbed a greater share of national resources than in England. Education accounts for 5.0 per cent of Japanese Gross Domestic Product compared with 5.8 per cent in Britain and 5.2 per cent in West Germany.

An earlier study by the National Institute showed that Britain also lagged behind Germany in preparing the average pupil for technical work.

Government backs Aids research with £14.5m

BY DAVID FISHLOCK, SCIENCE EDITOR

THE GOVERNMENT has allocated £14.5m over the next three years for a research programme in search of both a vaccine and a treatment for Aids (acquired immune-deficiency syndrome).

It has also announced a national programme of screening for breast cancer in women aged between 50-64, at a cost expected to rise from £6m this year to £22m by 1989-90.

Mr Norman Fowler, Social Services Secretary, said the Government was supporting an Aids research initiative of the Medical Research Council backed by Sir David Phillips, chairman of the Advisory Board for the Research Councils.

Aids research will be funded from extra money allocated to the science budget, in addition to this year's £130m Medical Research Council programme.

Sir James Gowans, the council's secretary, will manage the programme until two research directors are appointed.

A co-ordinated research programme is planned, drawing on the new funds to place research contracts with established research teams in universities, national laboratories, and industrial research centres.

Sir James said he had been promised the support of some of Britain's most distinguished medical scientists.

He said that because of a lack of basic scientific information on the Aids virus, it was his impression that drug companies were doing little to develop vaccine today.

Even when the virus had been unravelled into its component parts, it would still take five years to develop and test a vaccine, he said.

Breast cancer screening. HMSO. £6.70.

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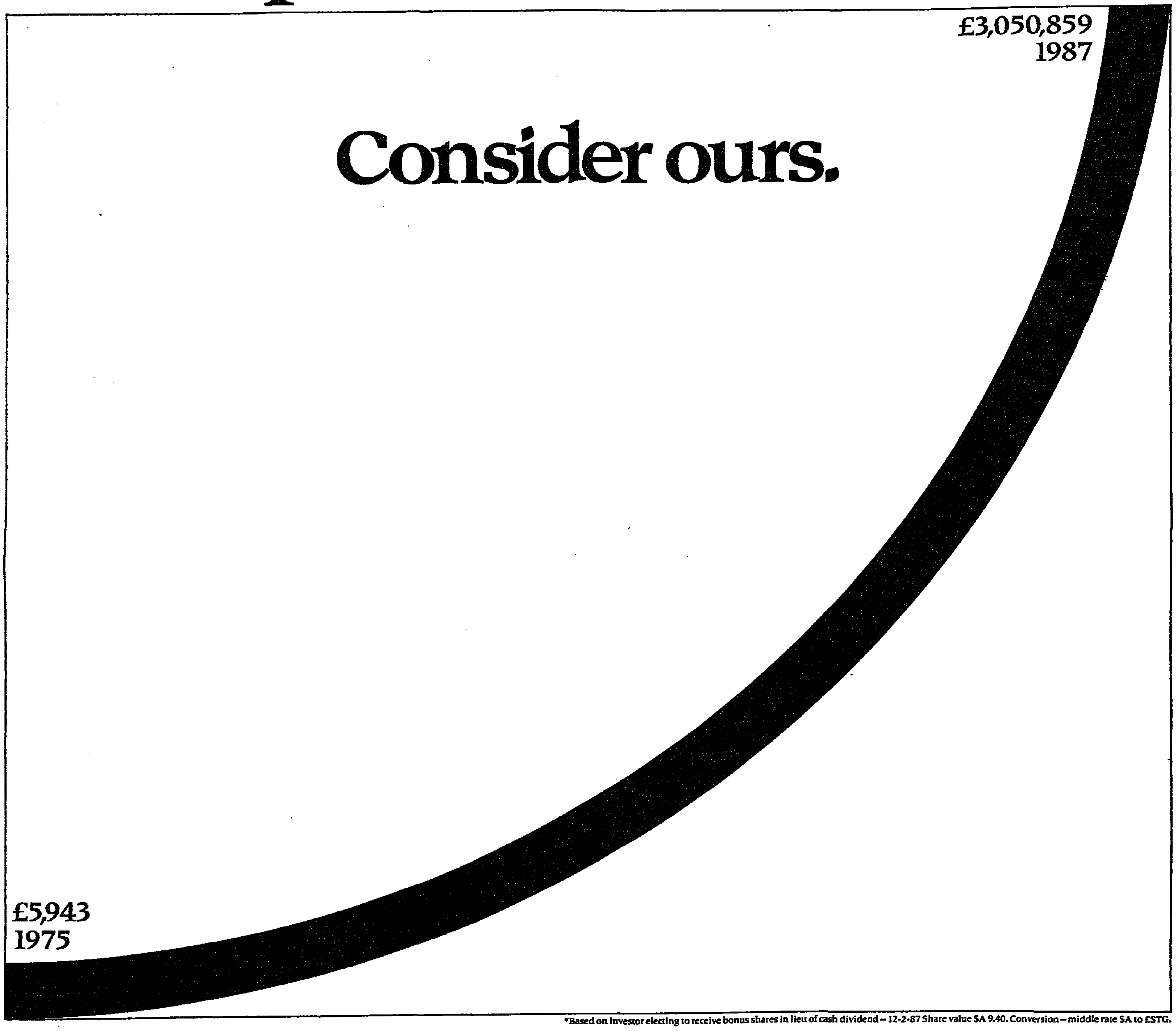

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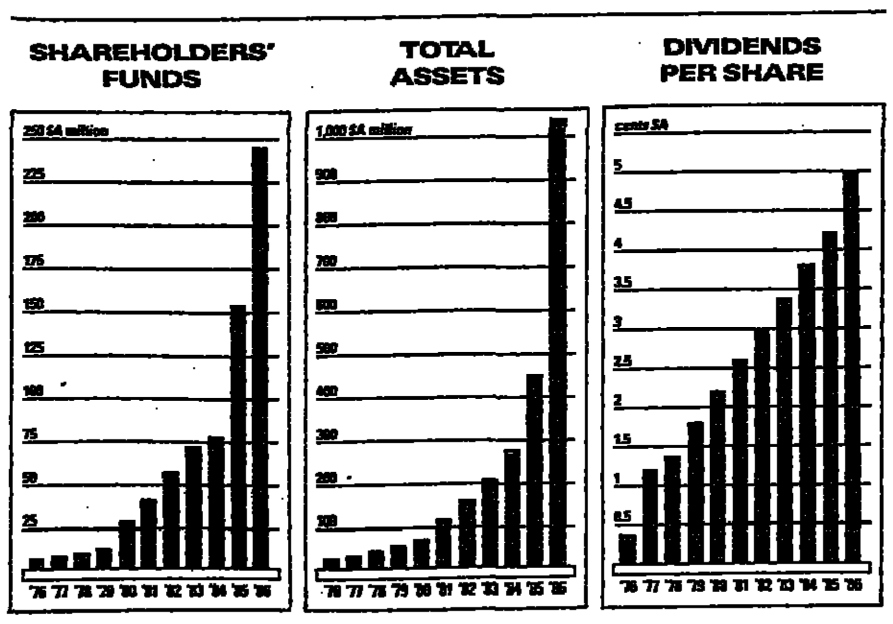

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THE DESIGN movement is rapidly raising its profile in Britain. But where its influence really matters—inside British industry—there is a glaring communication gap between the design community and the manufacturing base. A dialogue of the deaf, one industry wag calls it.

Misunderstanding, prejudice and downright ignorance of the product design process continues to foster a "them and us" climate between them that draw and them that make, which dulls industry's competitive edge as it misses opportunities.

Put crudely, designers are often presented as airy-fairy dreamers, impervious to the realities of technology and materials, while management is seen as neither equipped nor inclined to understand or manage the design process.

The communication gap has been underlined by companies seeking design help under the government-funded consultancy scheme having had no idea where even to begin briefing designers. Now the Design Council, which manages the scheme, has focused attention on the design management function in industry.

There are enlightened exceptions, notably some top UK retailers, together with the British Airports Authority, Clarks Shoes and, latterly, London Regional Transport. Others pay lip service to this neglected management function, preferring to keep designers (who might challenge the status quo) in splendid isolation.

Even in companies where the top management spots a weakness, a problem exists of how to encourage design awareness among visually illiterate line managers. How do you impress upon managers in today's fast-changing markets that good design is every bit as vital to profits as, say, distribution, financial and marketing nous—whether it is hi-fis or knickers that are being made?

One company attempting to bridge the divide is Courtaulds, one of Europe's biggest textiles groups. Its contract apparel group, a main supplier to the retail giant, Marks and Spencer, has been running a novel educational programme for senior and middle managers on design literacy and product awareness.

The contract apparel group comprises 50 autonomous and often rival companies with a joint turnover of over £250m. It is the largest supplier of men's, children's, and women's wear to Marks and Spencer, as well as being a supplier to British Home Stores, Littlewoods and Mothercare, among others.

Design

Courtaulds attacks its visual illiteracy

Feona McEwan reports on a novel awareness programme undertaken by managers of the UK textiles group's contract apparel division

If so successful, why the need for such a course?

The initiative needs to be set in its commercial context. At one time, Courtaulds' contact clothing group and its customers saw themselves as being in the clothing business—indeed, there are still managers happy to report that they have been making the same garment for years. Now the company recognises it is in the fashion business — in the same way as high street multiples have realised that their whole emphasis must be on what the consumer wants.

There is an urgency now to anticipate the customer, constantly to update, innovate and refine clothing lines (as M and S has always done in foods) in order to keep the value-seeking customer coming back for more. There is a growing recognition that no matter how good a product is in terms of quality, it is no good if it is not what the customer wants.

Emphasis

The upshot of this is an emphasis on shorter runs, quicker responses and flexibility all round. A new breed of clear-eyed marketers showed the way, first the Italian group, Benetton, and then Britain's Next, among others, which understood their customers and their aspirations.

Indeed, multiples in general have been demanding shorter runs and faster reflexes from their suppliers. They have also—as market forces have intensified with, for example, an influx of low-cost imports from the Far East, Western Europe and Japan—looked to suppliers to provide design leads rather than merely to produce.

None of this was lost on Ian Rae, chairman of Courtaulds' contract apparel group, whose view that design should make a greater contribution to corporate life sparked off the idea in 1985 of a design awareness programme. And in Anne Hogg (wife of Courtaulds group chairman, Sir Christopher Hogg), a former Oxford don with experience in both public and private education, he found a committed and tireless ally.

A working party was set up to consider implementing a design awareness programme. Out of it has come a handbook (an international store guide given to executives on business overseas) a bi-annual design brief (aimed at managers, it outlines mood, style and colours of forthcoming collections) and the three-day awareness programme complete with manual.

From the start, it was clear that when it comes to educating managers in design awareness, the message is, do it yourself. Attempts to enlist outside help came to nothing, for a variety of reasons. So Courtaulds met the challenge itself and designed its own programme.

A shortlist of design-oriented candidates was invited to present ideas with the aim "to raise overall level of design literacy to give competitive advantage." The course was initially to run for two years at two monthly intervals and consist of 15 managers at a time. In Victor Herbert, an eminent designer without contempt for the mass market, it found its man.

That was 1985. Since then 150 managers have passed through the course (which is aimed at raising awareness, not creating design managers), another 85 are lined up this year and there are plans to spread the programme into other Courtaulds arenas. Household textiles and fabrics divisions are next.

Initial reaction to the concept of a compulsory course was mixed. Few escaped the invitation; chief executives, financial, marketing and sales liaison executives and factory managers of all ages and both sexes were detailed to sign on. Very much a top down approach, first guinea pigs on the course included Sir Christopher Hogg himself, underlying how seriously the company took the event. The company is now confident enough to invite leading customers to attend. The day this writer attended, Marks and Spencer was present.

What then of the course itself? Given that three days tuition are unlikely to change a lifetime's blinkered vision, what can it hope to achieve? "It is an introductory course," admits Anne Hogg, ever the pedagogue. "It has to be. It does not go further than alerting people, in opening their eyes . . . nor does it set out to make people designers." Now she is convinced that similar tailor-made courses could be applied to other industries.

Victor Herbert, the course's architect, says that if someone goes out after the course and buys a birthday card with more care then it has achieved something. What is certain is that individual participants take away different impressions.

The canvas of the course is broad. From historical and cultural influences on clothing, to structural and technical aspects of clothing design, colour forecasting, influences on the retail environment, development of materials, yarns, fibres, and taste. Speakers are all outsiders, either designers or design-led businessmen or women. The entire programme is accompanied by an avalanche of visual images.

One of the highlights of each course is a talk from a top couture designer such as Zandra Rhodes, Betty Jackson, Bruce Oldfield, Wendy Dagworthy. My day, we had rising star Jacques Azagury, dresser to the Princess of Wales and soap opera star, Joan Collins.

Azagury described the loving detail that makes his designs sell in limited numbers at exotic prices. His exclusive materials costing £70 a metre and more in silk velvets, ruched taffetas and silk metallic organzas came from a world where customers were "clients" and a hot seller was 160 garments. My neighbour on the course, a man used to selling 16,000 to 25,000 dozen of a hot number, stared in wonder.

A page from the bi-annual design brief given to managers, outlining mood, style and colours of forthcoming collections

But market influences were not dissimilar. Azagury designs his collections with no dramatic swings of styling, preferring gentle variation on a previous season's successes, he shows a finicky attention to detail and a passion for keeping ahead of the field. "When the mass market catches on," he told the audience of mass marketeers "it is time to move on."

Insights

At an earlier course, Zandra Rhodes at first alarmed the audience by her outrageous appearance. But when she told them that her response to any design requiring heavy wastage of fabric was to rip up the pattern and start again, they recognised a true professional.

Victor Herbert and then Chris Severs, of retailer Gordon Barnet, gave stimulating insights into influences on designers and how broad fashion themes emerged. From pop culture to politics, exhibitions to films, street fashion to magazine literature, nature to art, influences worked on the designer "like a pint of Guinness," said Herbert, "the head rising to the top."

Severs admitted to being an unashamed magpie, borrowing and ripping off, copying and adapting at every turn. It's a recipe that has brought his company success. From other retailers' literature, to insisting his designers jot down notes after overseas trips, he is an assiduous observer of fashion trends.

Always consider the complete look, he said. If jeans are tighter it means sweatshirts and tops tend to be looser. If trousers are flared, shoes will have to be chunkier. "Pleated trousers were marked down four seasons in a row because the wrong shoes were on the market," he said.

In many instances, price has little to do with success. Quality was what mattered. "If you are first with a product, even though selling at a higher price, customers will come back for more." He cited the Sony Walkman, with its incessant updating, though the insides "probably remain much the same . . . You want your product to date," he added, "providing it has quality . . ."

What then did the participants make of it? Yorkshireman Tony Braines, factory manager of Meridian knitwear was fulsome in his praise despite initial scepticism. "If I could have found a reason for not going on the course, I would have done. At first, I didn't get the connection between the course and the business. But by the middle I was more impressed." By the end he felt like "St Paul on the road to Damascus," he says in a matter of fact way. "It was excellent. I came away with a number of ideas; to offer customers a far better service, for quicker reflexes and ways to get market share in areas I hadn't got any before."

John Russell, chief executive of Jockey men's underwear, talks about the course six months later with vivid enthusiasm. "It gave you the chance to sit back and think, something in business there's not much time for. Things tend to be clinical; flair, imagination and soul tend to disappear."

Marketing manager of Intimate Apparel, Chris Dunnington, came to the course from a technical background. "It broadened my perceptions considerably. It was refreshing to have your eyes opened to what influences other people's jobs, to have the scientific principles one applies to one's job equally valid on the arts side. This was summed up by the attention to detail that all the speakers stressed. Though not affecting his job directly Dunnington believes it has helped peripherally in his contact with designers, to give him "a better appreciation of how designers think."

John Sellears, sales executive at Meridian knitwear, is proposing, directly as a result of the course, to initiate regular meetings between his designers and the production workers on the shop floor. "I feel very strongly that this is the way forward," he says.

Nor does the process end with the course. Participants are asked to complete a project of their own choosing within three months. The response, says Anne Hogg, has been "most moving." So impressed are the organisers with the assorted poems, photographs, sketches and essays that they plan an exhibition soon. One couple stopped on the way home from the course to appreciate the changing night sky. Another has photographed the same tree through the changing seasons of the year. Another sent in a complex scientific analysis of colour and shape. Evidence, if it were needed, that the course is indeed, opening eyes.

Marketing abstracts

Affinity groups in direct marketing. B. C. Firmin in Direct Response (UK), October 86 (3 pages).

Looks at the pros and cons of two or more organisations joining force on a direct response venture—affinity groups; sets criteria for determining affinity, e.g. if there is similarity between the organisations' customer profile, and considers reasons for affinity projects, such as image enhancement. As examples, quotes ventures between American Express and Encyclopaedia Britannica and between the Abbey National Building Society and estate agents.

Creaming profits off a marketing failure. R. Rees in Chief Executive (UK), October 1986 (2 pages).

Describes how Anchor Foods, the UK subsidiary of the New Zealand Dairy Board, faced with a collapse of its single product-market following the imposition of EEC quotas, has successfully diversified into the aerosol cream and soft drinks market.

Export marketing strategies in the British clothing industry. L. S. Amine and S. T. Cavuskil in European Journal of Marketing (UK), Vol 20 No 7 (12½ pages).

Tries to determine the secrets of export sucess from an analysis of a sample of UK clothing manufacturers: admits that the results are somewhat tentative but reveals two surprising conclusions—that export performance improves with less product adaptation for exports, and that the policy of concentration on key markets seems to be largely irrelevant to the clothing industry.

How major agencies evaluate TV advertising. D Jobber and A Kilbride in International Journal of Advertising (UK), Vol 5 No 3 (8½ pages).

Presents results of a study of the top 75 UK advertising agencies to assess what pre- and post-test television advertising research is most widely used; finds, inter alia, that group discussion is far and away the most used pre-test technique and image/attitude change the most popular post-test measurement. Some interesting discoveries along the way include the fact that 14 per cent of agencies had never heard of econometric modelling. In conclusion, considers that agencies' research facilities can provide them with a competitive advantage (or not).

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p & p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

THE ARTS

Letter from New York/Paula Deitz

European influence still holds sway

It does come as a surprise in retrospect to realise that in 1930 Paul Klee became the first living European painter to receive a one-man exhibition at New *York's Museum of Modern Art*—two years before Henri Matisse. With the opening earlier this month of the museum's fourth major exhibition of Klee (until May 5)—the second a retrospective in 1941 after his death, and a third in 1949—the museum is writing another chapter in the continuing dialogue between the Swiss-born Klee and American artists. For even today—especially today—one can still observe how pictorial elements in the 300 highly charged, mostly small-scale works in the current exhibition have continued to influence generations of artists—from Mark Rothko's calligraphic figures in the 1940s to Keith Haring's stick figures now.

Much of the credit for Klee's sustained influence goes to Alfred Barr, who even before he became MOMA's first director, visited the artist in 1927 when he was teaching at the Bauhaus in Dessau and living in a Gropius-designed *machine à habiter*. "Exactitude winged by intuition" is the way to achieve art, Klee told his students there in a good description of his own work, *which bridges the figurative* and the abstract. As the present curator, Carolyn Lanchner, explains, along with much else in her excellent catalogue essay, because Klee "understood line, colour, and *matière* to be themselves carriers of meaning, *it* made little difference whether they were employed in the service of abstraction or representation." Harmony, of the musical kind, in colour is another theme, and reflects his early training as a violinist.

In any large retrospective (Klee's total oeuvre incidentally numbers 9,000 paintings and drawings), there are bound to be a few weaker works to make a curatorial point, but the magic nevertheless holds from the early childhood pencil drawings of the 1880s—one a plan view entitled "My Place" is a precursor of all the imaginary rooms to come—to a 1940 poster in coloured paste on paper called "Wandering Artist," with a kind of final "so long" wave of the right arm by the stick figure. Whereas Kurt Schwitters used the detritus of modern life to compose collages, Klee's bits and pieces of people, buildings, gardens, animals and boats all came out of a fecund imagination and a glorious sense of humour.

Colour came into his work on a trip to *Tunis in* 1914, and the flat rectangles of transparent watercolour interspersed with pergolas and trees reaching to rooftops in such pictures as "Garden of St Germain, European Quarter of Tunis" are the first step in at least 10 different directions. In the later colour *square paintings*, one *can still* sense the contour of a house or a tower as in "The Window" (1927) by the triangular red roofs. And much later in "Rich Harbour" (1938), the colour passages give background form to the black linear glyphic motifs. Liberation is another theme in drawings both of two stick figures freed from a grid in "The Way Out Discovered" (1935) and in one version of "Viaducts Break Ranks" (1937) with the arches (perhaps of Albert Speer's stadium) walking off quite happily on their own.

With MOMA's own 1922 "Twittering Machine" — the famous transfer drawing of singing birds hooked up to an organ grinder-type mechanism—this exhibition reassures, and one wishes one could write back to Klee, as Lyonel Feininger did in 1938 during the museum's Bauhaus exhibit: "Your paintings, watercolours, drawings... dear Klee... are over here—glowing on white walls." Nothing has changed, except that there is each time a new audience.

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Many of the Klees at MOMA are borrowed from the Metropolitan Museum of Art's Berggruen collection, a good portion of which is on permanent view in a space under the eaves, as *it were, of the new 20th-century wing's* oversized garret structure. But back in the old Met, just when one thinks one has seen enough Van Gogh for a while (they had "Van Gogh in Arles" in 1984), guest curator Ronald Pickvance has organised *the sequel*, "*Van Gogh in Saint-Remy* and Auvers" (until March 22)—90 paintings and drawings produced by Vincent van Gogh during the last 15 months of his life (he accomplished 70 works during the 70 days before his suicide in Auvers near Paris in July 1890).

So many of these paintings are familiar — "The Starry Night" and "Cypresses" from Saint Rémy, and the ominous "Crows Over the Wheat Field" from Auvers—but seeing them arranged chronologically gives the *oeuvre* a *moving presence* that has nothing to do with the artist's mental condition at that time. Work is its own life it seems to say. And 11 paintings of the 13 he accomplished in the double square format (50cm x 100cm) are on view together the *panoramic* "Wheat Field Under Clouded Sky" as well as the vertical "Marguerite Gachet at the Piano." Curiously, there is more foreboding in the paintings of the long corridor of successive arches at the Asylum in St Rémy than in the varied and complex composition of "Daubigny's Garden" at Auvers with lilac bushes and lime trees. In his last letter, van Gogh describes this work as "one of my most purposeful canvases." Here the catalogue takes one through the show the old way, painting by painting.

"Rich Harbour," 1938, by Paul Klee

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As one of those raised on the Philadelphia Sound, when I came to New York I subscribed to the Philadelphia Orchestra's season at Carnegie Hall where I still sit up front in a second tier box at stage right, practically smack up against the glazed ivory and newly regilded *boiserie* and *Corinthian* pilasters, and rows upon rows of scrolls and mouldings—egg-and-dart, bead-and-reel, and dentils in the cornice. Although Andrew Porter's recent coverage on this page of the $30m six-month refurbishment of *Carnegie Hall by James Stewart* Polshek and Partners told the story, my view offers a few additions that have to do with sight rather than sound. New Yorkers are excited because few really enjoy Lincoln Centre the way we do Carnegie—or did *the* old Metropolitan Opera House, whose absence is still a gaping void.

It has quickly become a sacrilege to say anything against the restoration which included innovations as well; so first, on the good side. In the old *days* until last year, gentlemen stood politely in the rear of the boxes to see anything at all, but this has been corrected by providing progressively higher chairs to see over the railing which has been splendidly recovered in the same deep red mohair plush fabric as the seats. Lights with shades continue to give the entire hall an intimate glow, and the new tiara chandelier over the stage, reflecting the crown of lights of the hall's dome, was a good solution to offer adequate light over the musicians' stands (I can now even bend over and follow the cellists' scores). In general, the scene looks grand and gracious—until one looks too closely.

Whereas the architects used a shiny rich brass in their renovation of the Brooklyn Academy of Music, the Carnegie Hall stair railings are a satin bronze that looks cheap and flimsy; and the two-tone red carpet, dark on either side of the middle path makes one think that use is counted on to make the central part catch up. In the category of "if it ain't broke, don't fix it," the second tier bar space, which was an ample room off the curving corridor, has been usurped by new toilets, so New York now has its first genuine crush bar in the corridor itself, which means there is no passage room left at all. The street level lobby is an improvement though the new Mackintosh-style metal gridded marquee railings, and torchères seem a bit lightweight for the ornate Italian renaissance structure. And the ushers and ticket takers are in new uniforms designed by Ralph Lauren in a ghastly bright red and black that clashes wherever one looks. (Hunting pink and classical music do not mix well).

The brick-and-terracotta exterior, with space from reclaimed stores reincorporated into the old facade, does have a warm gaiety about it, and people are dressing up more now and the crowds are greater around the entrances on these snowy evenings. Not criticisms really, just quibbles on behalf of a 95-year-old friend.

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Museums have been proliferating at a great rate in America; but with McDonald's opening a new fast-food outlet every 17 hours (500 a year), their restaurants may represent the fastest growing building type worldwide—already the year-end number was up to 9,410. Despite the praises sung for "the strident distortions of a McDonald's hamburger stand" justified by "the stridency of Strip architecture" in *Learning from Las Vegas*—Robert Venturi, Denise Scott Brown and Steven Izenour's treatise on popular culture and commercial architecture—as McDonald's *prototypical* brick building with mansard roof and detached golden arches moved off vulgar highway strips into towns, local residents objected to the intrusive architecture. (The logo arches, by the way, were originally parallel structural arches that appeared to hold up the red-and-white tiled buildings of the 1950s).

In its effort to be sensitive to new demands, McDonald's has just sponsored a student design competition to come up with suggestions for new prototypes to blend with community architecture, and the results were recently announced at a one-day exhibition at New York's Urban Centre. Among the judges of the 365 entries were architects Philip Johnson and Robert A. M. Stern, who hosted the television series "Pride of Place: Building the American Dream."

McDonald's fast-food architecture has become a vernacular of its own; but the contest winners, Dagoberto Diaz and Orlando Perez, architecture students at the University of Miami in Florida, turned to an earlier source for *regional architecture in* America, Mediterranean classicism. Though they sought to offset quick service by a more leisurely Vienna 1900 cafe environment and certain luxurious amenities, not generally associated with hamburger joints, the galleried and terraced structure is clothed in buff stucco and cut limestone with a red-tile roof. As students they say they are looking at historical models, like Italian villas, but in reality from the colonial Spanish mission style *of such early settlements as St* Augustine, Florida, to Addison Mizner's fanciful Spanish architecture for Palm Beach, the clasical villa has become as much Floridian as Mediterranean.

Robert Stern says: "We all embraced the structure for it rose above fast-food design and had the dignity of a small town library—a direction McDonald's should consider as it moves off highway strips into nice neighbourhoods." According to a company executive, they are looking into the winning concept for a new McDonald's in Spain.

Camacho's Wedding/Oxford

Andrew Clements

Oxford University Opera Society has hollowed out its own niche as a determined promoter of forgotten operas. After earlier resuscitations of Spohr, Haydn and Schubert it is now Mendelssohn's turn. New *Grove* lists eight opera projects in *Mendelssohn's* work list, and the completed ones, six in all, were written before the composer was 20. It was the fifth of those. *Camacho's Wedding*, that has been selected for revival this week at the Oxford Playhouse; avid seekers after opera curios will need to read no further.

Camacho's Wedding was completed in December 1825, only a few weeks before Mendelssohn's string Octet. He revised the score a year later and a version of it (incorporating only some of the revisions) was staged in 1827. It was condemned as a failure; in later life the composer referred to "my old sin of *Camacho's Wedding*." There matters rested; the connecting dialogue of this *Singspiel* was presumed lost after the composer's death, though a vocal score was published. No further performances had been attempted until John Warrack took up the challenge of preparing a performing edition based on manuscript sources in the Bodleian Library's Mendelssohn archive. The result is this staging, in an English translation by Warrack, conducted by Clive Brown and produced by Duncan Watt.

Not only is this the first production since 1827, it is also the world premiere of the revised version. Has all the effort been *worthwhile? The answer to* that is a very heavily qualified yes. Mendelssohn's librettist, one Friedrich Voigt of Hamburg, took his scenario from the Camacho episode in *Don Quixote*, a reassuring tale of a young girl (Quiteria) condemned to a loveless marriage to the rich merchant Camacho, and rescued from it by a combination of Quixotic chivalry and a neatly turned confidence trick. It's unevenly plotted; the first halves of each act move *competently and*, in *Warrack's* fairly free translation, amusingly, but the first ends in dramatic confusion and the second is over-prolonged. Sympathetic pruning would help a great deal, though one can well understand why Warrack and Brown refrained from surgery on this occasion.

... The music is much as one would expect from a preternaturally gifted 16-year-old composer, growing up in the first quarter of the 19th century. Weber's *Der Freischütz* dominates the first act, with elegant bows in the *direction of Zauberflöte;* in the second, Clive Brown detects the influence of Spohr's *Jessonda*, but as the author of the definitive history of that composer, Mr Brown cannot be said to be free of bias in this matter. There are one or two more individual touches, but generally the miracle of the Octet is hardly foreshadowed at all.

It is, in short, the kind of work the BBC might consider putting on in the studio in a centenary year, but in a semi-professional production (though the standard of the orchestral playing hardly qualified even for that description) its merits are more dubious. Watt's Bruegelesque production (why?) is perfectly serviceable; so is some of the singing, especially Yvonne Barclay's *Quiteria*, Howard Milner's lively Vivaldo, orchestrator of Camacho's downfall, and Philip Judge's striking Quixote. The rest more or less get by. An intermittently engaging evening.

Kodaly Quartet/Wigmore Hall

Dominic Gill

The Kodaly are one of the most distinguished of the middle generation of Hungarian string quartets (there are so many excellent Hungarian quartets of every generation that one is forced to make the distinction). Their visits to this country are far too rare—we last heard them here three years ago playing at the Bath Festival. But their recital on Tuesday revived happy memories — of the quality of their sound especially, a sweet, embracing sonority, gentle but capable of piercing, and in no sense lightweight. They are a wonderfully individual ensemble, and the four voices are splendidly contrasted and graded—it's specially exhilarating to hear a second violin whose dynamic weight and dramatic projection can so effortlessly match those of the first.

Their opening movement of Mozart's G major quartet K387 began a little prosaically, did not flow easily—but that is called warming up, as long as it does not last the whole performance. By the start of the minuet the Kodaly had gained their full stride; and their andante was a miracle of broad lyricism, shot through with vivid colours, and sudden flights of fancy. Their Bartok sixth quartet was masterly: powerful, closely focused, exact in every measure. The Kodaly know how to make silences tell as keenly as the sounds they separate; the gypsy music of the March was wildly mistuned, brilliantly effective—few ensembles dare to take the distonations so near the edge; the return of the final *mesto* was uncommonly gripping, endlessly sad.

For Brahm's F minor piano quintet after the interval they were joined by the pianist Piers Lane. I have not cared much in the past for Mr Lane's solo playing; but his role as chamber partner on this occasion was so vigorously taken, and so sensitively gauged, that perhaps I have misjudged him. It was not a perfect performance by any means; but for an ad hoc account with a visiting ensemble it was more than acceptable, firm and pungent, with a fine spring to its step.

Julius Caesar/Bristol Old Vic

Martin Hoyle

Ram John Holder and Shope Shodeinde

The Bristol Old Vic's new Company 3 poses a demographic puzzle. The West Country seems an odd base for a group formed to reflect a "truly mutli-cultural society" since, the St Paul's area of Bristol apart, the "ethnic" (trendspeak for non-white) population is spread fairly thin—unlike the industrial Midlands or London, where half Britain's small non-white population is concentrated. The blanket term "multi-cultural"" is here served by a cast of 10 that includes two whites—which may cause more perplexity than illumination when the production tours areas conforming to the overall average of 24 out of 25 Britons as white.

It *could* be argued that Julius Caesar's Rome was multi-racial; but such literalness leaves one uncertain how the company would deal with classics that are precise as to milieu, style, background and (in the currently okay broad sense) "culture"—from *The Importance* to *When We Are Married*.

As ever, we must sit back and not think of England, but judge pragmatically. Roger Rees's production for the New Vic studio is fast and lively, tension heightened by Peter Salem's menacing musical background. It begins depressingly with the lounge-suited crowd inanely answering every rhetorical question put to it by Marullus ("Shuddup!" "Pompey—what's he ever done for us?" "Pompey's all right!") but uses the acting area flexibly and often excitingly. The battle scenes are effective; figures rush through smoke, blood-red banners waving. The actors share many parts (one takes nine) and for the most part—if not, I predict, for literal-minded children—avoid confusion.

This streamlined thriller is greater than the sum of its parts, a few of which are decidedly dodgy. These include a tendency to shout when expressing emotions, and an Anthony (David Yip) whose funeral oration is an almost painful example of acting by numbers, as stilted hand gestures and facial quick-changes from the silent screen are trotted out mechanically. Leo Wringer's Brutus disappoints after his noteworthy messenger in the Eileen Atkins *Medea* last year: he slides from the prosaic to the wooden. And Brutus should never lisp.

Brutus and Cassius fall out like an old married couple. Peter Straker flounces on to a camp bed in a tantrum ("You love me not!"). Mr Straker has the requisite technique and personality though his Cassius is as yet tentative. Among the *smaller roles, Michael Fenner's* Casca is resentfully surly rather than sardonically bitchy, and humourless even in the "Greek to me" joke. The women are striking: Shope Shodeinde's heavy-lidded melancholy gives *Calphurnia a haunting beauty*; and Lucy Sheen's Portia is a strong helpmeet for a high-principled ditherer—no doubt about who makes breakfast in the Brutus household!

"Sassoon" extended

Peter Barkworth's one-man show, *Siegfried Sassoon* at the Apollo Theatre, has been extended until March 21.

Cyndi Lauper/Hammersmith

Antony Thorncroft

Is it just the brightness of the peroxide which confines Cyndi Lauper to one night at the Hammersmith Odeon while Madonna rules the known world? Cyndi was the first raunchy blonde to sock it to the boys, bringing her New York brashness and shrieky falsetto to the pop charts, but somehow the more golden Madonna *sneaked up on her and made it* first to the mega-millions.

Not that Cyndi Lauper need care too much. Her one nighter on Tuesday was hot enough to warm Putney across the river. She is not a subtle performer—very much pink corsets, black *stocking tops, and flimsy things* above. Her voice is even less sophisticated — screechy and high and turning at times into a controlled colatura while never losing its hectoring vibration. Cyndi is loud and brazen, only to be taken home for Sunday tea if your mother is called Grendel.

But why not? Most of her songs are forceful and lively rock numbers blasted out by a band which excels in its limitations. The girl herself leaps around the stage like a flea on a griddle, high kicking to heaven. When she turns to romance, as in the excellent "Time After Time," the garters and grossness rather spoil the emotion. She is at her best belting her theme song "Girls Just Want to Have' Fun" *which expands into a medley* of what sort of fun girls want. It is all very bracing, very New York, very superficial and very entertaining. The boys loved it.

Saleroom/Antony Thorncroft

Farewell to over $4m

While Sotheby's in New York was still totting up the results of its sale of 19th century European paintings held on Tuesday, *Sotheby's in London was selling* works from the next generation—Impressionists and after.

The great achievement in New York was getting a price of £2,642,857 ($4,070,000) for David's painting of The Farewell of Telemachus and Eucharis." The price was comfortably ahead of the high estimate and compares with the $3,950 which the painting fetched in New York in 1950. But since then the neo-classical painting, and especially David, has risen in appreciation, both critical and price, and this fine work, with the lovers looking romantic *and* decadent, is an excellent and rare example.

The auction totalled £6,981,964, with a modest 8 per cent unsold. "The start of the race of the riderless horse" by Vernet made £314,286, around five times the estimate. This subject, a spectacular event in the Rome carnival season, was much painted by French romantic artists and Vernet's version captures the occasion in 1820.

A later French artist, Gérôme, was also in demand: a peaceful rural scene of around 1895 sold to a London dealer for £242,857, way above target, while a European dealer captured a pastel by Millet, of a *peasant woman with a cow*, for £207,143. Another Millet, a watercolour showing a more romantic rural scene, with a mother nursing her baby, went for £199,857. "La lettera" by the Italian artist Boldini was on target at £121,429. Among the British artists, a Turner watercolour of the north west front of Cassiobury Park did well, selling for £121,429.

Sotheby's in London was selling second division Impressionists and moderns but so firm is this market that the auction went very well, with a total of £1,129,931 and a reasonable 10.5 per cent unsold. Many lots comfortably beat their estimates, not least the top one, a pretty 1913 work "Paysage à Ceret" by Auguste Herbin which doubled its top forecast at £33,000.

"Moulin de la Galette" by Utrillo sold for £28,000 and a Van Rysselberghe nude doubled its estimate at £26,400. A tiny Matisse oil, a view of Paris of around 1899 and hardly typical of his work, fetched £24,200 and the same sum secured "Le port" by Henri Le Sidaner.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/ Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

February 20–26

Exhibitions

ITALY

Rome: two exhibitions at Palazzo Breschi (Piazza san Pantaleo): Parigi Fantastica e Romantica – etchings by Charles Meryon (1821–1868): a meticulously detailed, but lugubrious series of etchings of his beloved city, showing its decidedly unsmiling face. *The Furniture of the Great* Designers: beautifully-made reproductions of modern movement furniture by Le Corbusier, Charles Mackintosh, Walter Gropius, Frank Lloyd Wright, Ludwig van der Rohe, beautifully made by the northern Italian firm of Cassina. Both end March 1.

Florence: Palazzo Pitti: The theatrical costumier Umberto Tirelli's fine collection of costumes dating from the eighteenth century to the present recently donated to the Pitti's Museum of Costume, particularly striking are the gorgeously embroidered men's jackets from the 1700s. Also includes a section of the costumes made in the Tirelli workshops for productions by Luchino Visconti, Luca Ronconi, Franco Zeffirelli and Pier Paolo Pasolini with photographs taken on stage. Endr March 8.

Florence: Palazzo Pitti: Andrea del Sarto (1486–1530): Highly enjoyable chronological survey (including frescoes, oils and drawings) to mark the 5th centenary of the artist's birth ends March 1.

Rome: Galleria Nazionale di Arte Antica: (Palazzo Barberini, via delle Quattro Fontane): Works by Caravaggio, normally spread throughout various museums and churches in *Rome (mainly from the Villa Borghese*, which houses the largest number) with a handful of paintings of doubtful attribution. Ends Feb 28.

Venice: Palazzo Ducale: China In Venice: Chinese Civilisation from the Han Dynasty to Marco Polo (25–1279 AD): 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Peking Museum. Many result from recent excavation, and most *have never been out of China.* The exhibition covers the main period of Chinese art, and the objects found in tombs, buried with the owner for his use in the hereafter, shed a fascinating light on life in the period. Ends March 1987.

PARIS

Japon des Avant-Gardes: A multi-disciplinary exhibition of some 500 objects retraces the 1910-70 period in painting, architecture and technology and is completed by a musical, theatrical and cinematographical programme. The influence of Japanese art on Western culture is well-known, the European inspiration of modern creativity in the Land of the Rising Sun much less so. The exhibition shows the tensions and contradictions of artists trying to absorb futurism, Dadaism and surrealism, movements so alien to their own ancestral traditions. Centre Georges Pompidou. Closed Tue, Ends March 2 (4277 1233).

Miniature furniture of the Vendeuvre collection, normally housed in the Château Vendeuvre in Calvados on view in the Louvre des Antiquaires. Some of the exhibits were samples of journeymen's skill, others reduced-scale models to tempt some royal client, others *elaborate* dolls-house furnishings or expressions of religious fervour. There is something especially appealing in the small dimensions of a 17th century cupboard in turned wood, of an Italian 18th century chest-of-drawers inlaid with ebony, ivory and tortoise-shell and an Empire armchair in mahogany decorated with bronze laurel-leaves. Louvre des Antiquaires, 2 Place Palais Royal, open Tue to Sun, ends March 1 (4297 2700).

Rembrandt: The exhibition of 341 engravings is exceptional for the proofs showing the stages of Rembrandt's creative process and its imaginative presentation. Landscapes, genre scenes, portraits and autoportraits and biblical scenes testify to the diversity of inspiration and the technical mastery of the painter who was the first to consider engraving as a autonomous artistic expression. Bibliotheque Nationale, 58, Rue Richelieu. Ends May 3 (4703 8126).

SPAIN

Barcelona, Edvard Munch (1863-1944): 165 lithos, drawings and his influential graphics of his large output period. Emphasis is his preoccupation with themes of life and death (friezes of life). Fundacion la Caixa, Passeig San Joan 103. Ends March 22.

Madrid, Ben Nicholson (1894-1982): English abstract painter who kept to his idioms with remarkable constancy. His paintings and reliefs are geometrically inspired and derive from the austerer forms of cubism. His abstracts remained unvarying until well after the Second World War, producing monochrome reliefs that relied for their effect on the interplay of finely related surfaces. Sixty-six works on loan by the Tate Gallery, the Moma and Guggenheim, the Kunsthaus and Phillips collection, mostly from 1919-1981. Fundacion Juan March, Castello 77. Ends March 29.

Madrid. Nine contemporary French artists: drawings, sculptures) murals. MEAC, Museo Espanol de Arte Contemporaneo, Paseo Juan Herrera. Ends March 22.

Madrid. *Portuguese Contemporary* Art. 150 works on loan by the Gulbenkian Foundation in Lisbon, include Vianna, Amadeo Sousa Cardoso, Almada and Vieira de Silva. Also at the MEAC, Museo Espanol de Arte Contemporaneo, Paseo Juan Herrera. Ends March 15.

Madrid, Gilbert and George. British Artists exhibit spectacular murals defined as living sculptures demonstrating daily life. Palacio de Velazquez, Retiro Park. Ends Mar 29.

Madrid, Agustin Ibarrola. Retrospective of Basque artists work, totals 1,000 exhibits: drawings, engravings, oil paintings, cardboards, woodwork of 1950-87. A mural weighting 20 tons and 200 railway tracks carefully and worked on show at the Retiro Park, Palacio de Cristal. Ends April.

WEST GERMANY

Berlin, Nationalgalerie, Potsdamer Straße 50: Toulouse-Lautrec. All his graphic works, from 1864 to 1901 with more than 350 posters and drawings on show. (Ends March 3)

Hannover, Sprengel Museum Kurt-Schwitters-Platz: Pablo Picasso, the exhibition is the most complete display of Picasso's works seen in Germany, showing the 417 pieces donated in 1969 by the industrialist Bernhard Sprengel. Sprengel, who died last year, was Germany's leading collector of Picasso's works. The exhibition, with 400 graphic art prints and 17 oil paintings covers the artist's complete artistic range from 1904 to 1968, spanning cubism, classicism and surrealism, as well as Picasso's most recent works. Ends Mar 15.

Munich, Lenbachhaus, Luisenstrasse 33: *Franz von Lenbach* (1836-1904). The painter had himself built a Palast in the Italian renaissance style, finished in 1891. His widow then sold it to Munich in 1925. To mark the 150 anniversary of his birth, the Lenbach Villa will be redecorated with the original furniture and paintings of the artist. The exhibition displays *180 pictures* and paintings in several rooms. Lenbach, celebrated above all for his portraits, studied at the academy for arts in Munich under Karl von Piloty. Ends March 29.

Tübingen, Kunsthalle Philosophenweg 76: Toulouse-Lautrec. A retrospective of 130 paintings and picture studies by Henri de Toulouse-Lautrec (1864-1901). Ends March 15.;

NEW YORK

Museum of Modern Art: The first major retrospective in two decades of Paul Klee includes 250 paintings and waatercolours and 50 drawings *and prints*, some by arrangement with the Klee Foundation in Bern which has rarely lent them (including large-format paintings from his later life). Ends May 5.

Cooper-Hewitt Museum: The design wing of the Smithsonian housed in Andrew Carnegie's Fifth Avenue mansion, features a special show on folding fans. Organized by textile conservator, *Lucy* Commoner, the fans reflected the fashions of the times during their heyday from the 17th to early 20th centuries, as demonstrated in the 60 pieces of various shapes and designs. Ends May 31. (91st & 5th Ave).

Metropolitan Museum: 90 paintings from the end of Van Gogh's life are the focus of this second of a two-part *show of the prolific artist at Saint*-Remy and Auvers. The Starry Night and Cypresses come from this period working first in an asylum in Saint-Remy and then in Auvers, where he committed suicide in July 1890. Ends March 22.

WASHINGTON

National Gallery (West Bldg): The Age of Sultan Suleyman the Magnificent explores the height of art and technical development during the Ottoman Empire in 210 16th century manuscripts, silver, gems, kaftans and ceramics. Ends May 17.

CHICAGO

Art Institute: A retrospective of more than 150 of John Singer Sargent's paintings, watercolours and drawings provides the first major overview of the artist's work in 60 years, with many of his famous full-length portraits, along with landscapes and *informal drawings. Ends April 19.*

Art Institute: The art of Italian Renaissance armourers, with suits embossed with Greek and Roman deities and fantastic creatures of the artists' imagination, is on display in a special exhibit of French king Henry II's armour borrowed from Hever Castle. Ends Mar 1.

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Education is paramount

WHOEVER LEADS the next British Government should make the restructuring of education a top priority. This will require a level of commitment at least equivalent to the push given by Mrs Margaret Thatcher to the reform of trade union legislation. The debilitating effect of inadequate education is much more damaging to the country's economic performance than was the excessive power of the trade unions before they were brought within the framework of the law.

The magnitude of the problem is illustrated by a paper on Japanese schooling and productivity published yesterday by the National Institute of Economic and Social Research and the Institute of Education, University of London. Written by Professor S. J. Prais, it is one of a number of similar pieces of evidence that have been made available in recent years. It is as conclusive as any.

Over 95 per cent of Japanese children now stay in full-time schooling until the age of 18; in England barely a third of 16-18 years olds do so. The level of mathematical education in Japan is far higher: the average Japanese pupil at the age of 15½ seems to do as well as the top 30 per cent of English pupils aged 16-plus. The quality of many Japanese examinations in mathematics is higher. The Japanese, whose workforce is roughly twice the size of Britain's, turn out four times as many graduate engineers.

Vested interests

Such facts pile up inexorably, as they do in similar accounts from West Germany and France. It is clear that something has to be done. The difficulty is knowing where to start. The Germans and French have traditions of a structured and nationally purposeful educational system. The Japanese have a culture that reveres education. In Britain most new initiatives are attacked by vested interests: if not the teachers' unions then the local authorities.

The Government has done little, although it has said much, about this since it was first elected in 1979. Sir Keith Joseph took the debate into the heart of the Department of Education, where he enlightened his civil servants and brought in a strong-minded new Permanent Secretary. His successor, Mr Kenneth Baker, has been more successful in taking the debate to a wider public, demonstrating that the creation of a national core curriculum, including perhaps more rigorous teaching of mathematics, is no longer an unattainable ideal.

Mr Baker has also brought forward a plan to set up 20 semi-independent technology colleges in city centres; the first of these is to open at Solihull, in the West Midlands, in September next year. Hanson Trust is to provide £1m towards the capital cost, while Lucas Industries will give managerial assistance. The Association of Metropolitan Authorities and the National Association of Head Teachers have already complained.

General quality

The Government is expanding the Youth Training Scheme, providing two-year part-time vocational education along West German lines. This is welcome. The Technical and Vocational Education Initiative, which is designed to increase the vocational content of full-time schooling, is also new; it is too early to judge its effectiveness. In the words of Professor Prais, both TVEI and the city technology colleges are "hardly more than acorns out of which great oaks may—or may not—grow."

If such initiatives are to succeed they must be accompanied by measures to enhance the quality of schooling in general, starting with the primary schools. The plan to introduce a national curriculum goes some way towards this, but it is only part of a solution. More, and better-trained, teachers are required; they are particularly needed in the right subjects. Parents need to be encouraged, perhaps by a national information campaign, to play their part. Expectations generally have to be raised. In sum, nothing less than a root-and-branch reshaping of the entire system will do.

Fewer props for British coal

THE HISTORY of the British coal industry scarcely makes for dispassionate discussion of the case for introducing greater market discipline and private capital to British Coal. Nor does the strategic importance of this state-owned energy producer permit the British government to adopt a purely market approach to the industry. But as the House of Commons energy committee remarks in a report on the coal industry this week, there is a danger that strategic arguments can be taken to protectionist extremes. Coal is not, after all, a natural monopoly. The real question is how far and how fast market discipline should be applied.

The committee, some of whose main recommendations were not supported by the four Labour members, was undoubtedly right to rule out privatisation in the immediate future. Even if ideology is left to one side, British Coal would still look one of the odder candidates for privatisation in anything like its present form. The Central Electricity Generating Board accounts for nearly three quarters of total coal demand and the economic relationship between monopoly producer and captive customer is heavily coloured by political considerations.

Struggle ahead

While great strides have been made since 1983 in improving business performance, there is still a hard struggle ahead in reducing unit costs to the point where the Government's intermediate objective of putting the enterprise on a sound commercial footing can be met. On the basis of assumptions that look far from unreasonable the committee estimates that the management will have to show a turnround of £1.8bn, on an existing turnover of £5.3bn, to pull off the trick. That awesome figure reflects the extent to which British Coal continues to enjoy government support.

Privatisation could, of course, take place on a piecemeal basis. But a policy of plucking the jewels from the crown would simply exacerbate the problems of managing the less profitable residue.

Against that background there is everything to be said for the committee's suggestions for enhancing the role of the private sector competitors of British Coal. In the recent past imports have satisfied between 2 per cent and 5 per cent of Britain's coal requirements; constraints on them have been removed. Private sector producers, meantime, account for between 1 per cent and 2 per cent. Yet their operations are unduly hampered by the fact that the monopolist, British Coal, is the regulatory and licensing authority.

Licensed open cast operators in the private sector have been paying royalties equivalent to 10 times normal world rates to British Coal. The royalties are also often higher than British Coal's own profit per tonne. Given the small size of the private sector it would be unrealistic to expect it to play a major role in the forseeable future; adequate safeguards in relation to health and safety are clearly also vital. But the committee's case for putting the regulatory role back into the Department of Energy and to have the private operators impose greater market discipline looks compelling.

Social factors

That said, it seems unlikely that even a Conservative government will be able to avoid future intervention in the industry. Capacity in mining cannot be expanded rapidly; nor can capacity be cut back without irreversible losses of coal reserves and fewer jobs in Britain's more depressed regions. In contrast, currency markets and energy markets, especially oil, are prone to huge short term fluctuations. It follows that both strategic and social factors will exert some influence on policy. And a more market oriented approach does not mean that the Government should necessarily tolerate dumping by foreign coal producers.

In the aftermath of the miners' strike it is right that unavoidable pit closures should be handled with sensitivity (and, as the committee remarks, that British Coal should do more to improve the state of labour relations in the industry). Disclosure of the assumptions behind closures makes obvious sense. But the chief responsibility for the social consequences rest with government—a lesson of history that should not be ignored.

On the day the Tower Commission reports, **Stewart Fleming** in Washington assesses Ronald Reagan's chances of rescuing his beleaguered presidency

A hollow feeling at the heart of things

RONALD REAGAN, so his critics in Washington are saying, is the first president of the post Reagan era.

It is a cruel jibe and unfair to Mr Reagan's successor. It is difficult to imagine that the next president could be in as much danger of becoming irrelevant to the political life of the nation as the current incumbent. The events of the past few days have underscored just how low the President's fortunes have sunk. Last week millions of Americans tuned in to Amerika ABC's tedious fictional account of a Soviet takeover of the US, including the installation of a puppet president.

But the truly gripping drama has been provided by the news media's portrayal of turmoil within the White House, allegations of an attempt last November to cover up Mr Reagan's role in the genesis of the Iran arms scandal and, above all, the visible passivity of the President in the face of a crisis which is weakening the office as well as the man.

In the midst of a contretemps between Mr Donald Regan, his Chief of Staff, and Mrs Nancy Reagan, his wife, the President (with Mr Regan watching) told a television reporter in the White House that it was up to Mr Regan to decide whether he should resign. Moments later Mr Regan was pictured indicating that it was up to the President to make the call.

The Chief of Staff's departure is now expected within days, not weeks.

He will leave a White House rocked by continuing leaks about the Iran controversy. The scathing analysis o the Reagan Administration's foreign policy making, due to be unveiled today in the report of the Tower Commission, can scarcely be expected to calm the waters.

The bipartisan commission was appointed by President Reagan last November. Under the chairmanship of Mr John Tower, a former conservative Republican senator, it has been looking into the role of the National Security Council and the background to the Iran affair.

The commission, which includes Mr Edmund Muskie, former Secretary of State, and Mr Brent Scowcroft, former national security adviser in the Ford Administration, has pursued its inquiries with rather more vigour than the President's advisers had anticipated.

Mr Reagan has been interviewed twice — the only reports he has given of the Iran affair to an independent inquiry. He gave conflicting accounts of whether or not he authorised the first arms shipments to Iran in advance.

Now Mr Reagan is saying he cannot remember—whether or not he gave advance approval—a statement designed to defuse criticism of himself, but which will do little to reassure that half of the American people who believe he has lied to them about the Iran controversy.

The Tower Commission is expected to contain if not a complete account of the Iran-Contras arms scandal, at least the most authoritative summary of what is known so far.

More importantly, it is expected to include a highly critical assessment of how foreign policy making in the Reagan Administration was distorted by covert operations run out of the National Security Council at the White House by Lt Col Oliver North. As a result high ranking officials, such as Secretary of State Mr George Shultz, lost the initiative in policy formulation in key areas such as the Middle East to the NSC's right-wingers—who were long on ideology but short on foreign policy experience.

On Monday, a group of 11 of Mr Reagan's top advisers, including Mr James Baker, the Treasury Secretary, and former senator Mr Paul Laxalt, one of Mr Reagan's closest political friends, met the President to plan his response to the Tower Commission report.

It seems clear that a critical juncture has been reached in the Reagan presidency. He may be facing his last opportunity to halt the relentless downward spiral in his political fortunes since the autumn. The decisions he takes, on the Tower report and on who should be White House Chief of Staff for his final two years; will be crucial to the outcome.

The sense of a White House in disarray is deeply disturbing to administration officials.

Take, for example, the judgment offered earlier this month, in private, by one cabinet level official. Asked how he was functioning, given the White House's political problems, he said that he was fortunate. He had been in Washington as a member of the Nixon Administration when the Watergate scandal engulfed and paralysed the White House.

That experience, he said, was standing him in good stead. It had taught him the lesson that at times such as this he had to rely on his own credibility and relationships to achieve his political goals. He could not expect to run for support to a White House preoccupied with other things.

This gives something of a reassuring perspective on how inidividuals can operate in the Administration today. But a more objective examination of how this isolationist approach to the job of government works in practice points to a less encouraging picture.

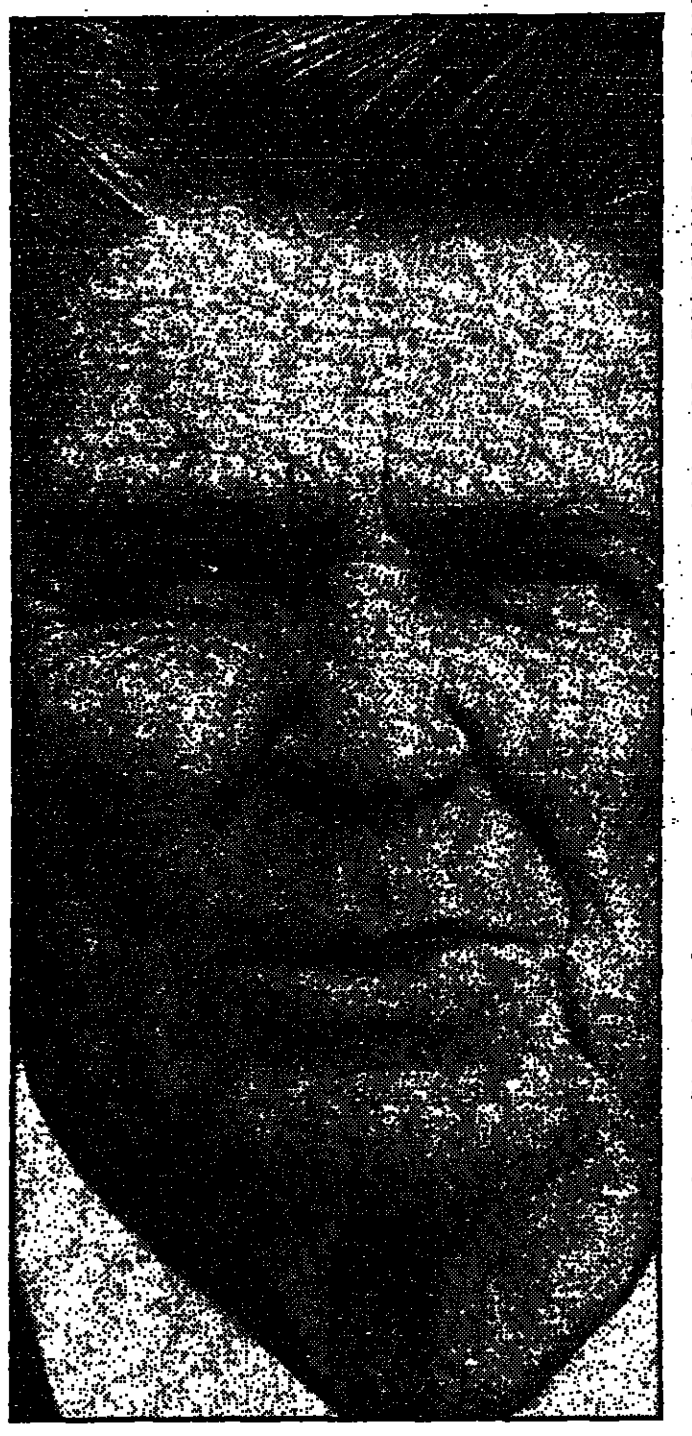
Some officials, who have managed to escape the maelstrom of the Iran scandal, have been able to press ahead with political initiatives and decisions of consequence operating, as it were, from independent fiefdoms. It is significant, for example, that in the field of economic policy-making the stature of Treasury Secretary Baker has not been diminished by any reports linking him to the Iran affair.

Last weekend, Mr Baker travelled to Paris with the independent chairman of the Federal Reserve Board, Mr Paul Volcker, and returned with an understanding—less far reaching than some had anticipated perhaps, but more solid than the financial markets had feared—about how the major industrial countries should set about stabilising the value of the dollar.

Elsewhere in the Administration, old friendships have been tested by the Iran scandal. Longstanding tensions have erupted as Mr Reagan's traditional reluctance to resolve disputes between his key officials has been exacerbated.

One of Washington's elder statesmen, a former cabinet official, says: "Shultz and Regan don't speak, Shultz and (defence secretary) Weinberger disagree violently." He describes the appointment of Mr Frank Carlucci to the post of National Security Advisor as "the one positive thing" that has taken place at the White House in recent months.

It has been between Mr Weinberger and Mr Shultz, old rivals on how to deal with Moscow, that the most visible tensions have arisen. With Mr Shultz weakened by his handling of the Iran affair, an emboldened Mr Weinberger has been pressing for a decision on the early deployment of an (as yet non-existent) first phase of the strategic defence initiative, which many in Washington and Europe believe could doom the



Geneva arms control talks.

Mr Shultz, who would like to conclude an arms control agreement, has succeeded in fending off early deployment. But he appears to have embraced a reinterpretation of the 1972 Anti-Ballistic Missile Treaty, which arms control advocates argue will also kill off prospects for an agreement with Moscow.

Mr Weinberger's stance its comforting to those who believe that Washington needs to exert more pressure on Moscow at the bargaining table. It also reassures conservative Republican supporters of Mr Reagan, who are watching the ideological struggle for influence in the Administration with an eye on the 1988 election.

But, if those who argue that Mr Weinberger's policies spell death to progress in arms talks are right, then Mr Reagan will pay a price.

He will not have a popular high profile foreign policy agenda to offer to help distract attention from his domestic political travails. He will also have widened the battlefront on US strategic and defence policy in a congress controlled by Democrats. They already sense that, later this year, they will be able to force Mr Reagan to abandon his cherished belligerent approach to dealing with the Sandinista Government in Nicaragua.

With much of his political strength squandered and challenges facing him on so many different fronts, the President cannot hope to reverse his decline—let alone improve his standing — without exerting powers of leadership and without the help of able advisers.

This is particularly true of Mr Reagan's White House with its paradox of a passive president who retains ultimate decision-making authority on major issues, while delegating the formulation of detailed policies to a circle of close advisors.

Partly because the Reagan Administration—with its ideological imperatives—viewed the government bureaucrats it inherited in Washington with suspicion, observers have been struck by the way in which policy making tends to start at the top, rather than beginning in lower echelons of the bureacracy and working up. Mr Reagan's decision to embrace the "Star Wars" strategic defence initiative is one frequently cited example.

These characteristics mean that although cabinet officials can function independently within broad limits, key decisions are made at the White House. Thus a White House which is functioning badly is a particular liability to Mr Reagan. Under Mr Don Regan, it has functioned inadequately and this has become worse as the Iran scandal has deepened.

An autocratic personality who surrounds himself with acolytes—some in the White House refer to his staff as "the carpet mice" — Mr Regan has changed the White House for the worse. His determination to dominate the executive branch and control access to the President has meant that Mr Reagan has been cut off from the variety of opinion and judgment which would force a president who is intellectually less than vigorous, to think issues through.

Mr Regan seems to thrive on confrontation and has frequently demonstrated political ineptitude.

Those who predicted that trouble lay ahead when Mr Regan took over from Mr Baker as Chief of Staff, have been vindicated as more and more of the able and independently minded White House officials who have quit.

It is for reasons such as these that many in Washington, friends and critics of the President, including Mrs Reagan, have been saying since late last year that a necessary condition for an improvement in the President's fortunes would be the departure of his Chief of Staff.

Had he gone two months ago, many would argue that his departure would have helped to cauterise the President's political wounds. A new man and a new team could have focused on the challenges facing Mr Reagan as a new Congress took office. They would have been less obsessed with the task of containing the damage to the President and to their reputations from the Iran scandal.

Today, officials who have worked at the highest level of government say the outlook is more grim. It will take some months for a new Chief of Staff to assemble an effective team, says one former cabinet official.

Much will depend, of course, on whom the President brings in. An experienced pragmatist may be the answer, one who knows the Republican Party and the Administration, but who is realistic enough to recognise—as Mr Baker appears to be doing—that dealing with a democratic Congress from a weakened position requires flexibility, not confrontation.

The danger of such an approach is that it may be a recipe for drift. A fuzzy agenda is already being translated into higher rates of staff turnover and fading political support for the Administration among disillusioned conservatives.

The central question remains: Does the 76-year-old President, recovering from an enfeebling prostate operation, still have the resilience and determination to rescue his remaining two years in office from a decline which would cast a dark shadow over his presidency?

The evidence so far is not encouraging.

Men and Matters

More options for gasmen

Sir Denis Rooke, that doughty champion of British Gas, is well known for upholding the interests of deserving employees, having fought hard to get them a generous allocation of shares when the corporation was privatised last year.

But when employees up and down the country opened the letters notifying them of their entitlement under the employee share option scheme, gasps of puzzlement and disbelief were to be heard. They had all been given 34 per cent more than their entitlement at the very generous price of 134p, a big discount from the current price which is equivalent to 160p per share fully paid.

A case of Sir Denis, recognising the benefits of capitalism, giving a practical parable to gasmen and gaswomen that talents put to use can multiply an hundredfold?

Alas no, astute readers have already spotted that the entitlement certificates had been filled out with the sterling price of the shares in the numbers column which was then multiplied by £1.34 to give an incorrect price in the pound column.

The switch was made by a high speed computer at Nationwide Building Society which runs the scheme, and was described rather quaintly by a British Gas spokesman as "human error." Though replacement certificates are now on their way, some employees are said to be arguing that the original is a legally binding document. "But really," said the British Gas spokesman, "would they take us to court?"

"How do I vote tactically to keep the whole lot of them out?"

High notes

The cost of staging Verdi's opera, Aida, in its original setting on the Nile at Luxor in May for ten performances is being put at a staggering $7m to $10m.

Nevertheless, the principal backer, oil businessman Fauzi Mitwali, says the cost has already been covered with 25,000 advance ticket sales, and he hopes to make "a small profit."

Perhaps the principal interest in this multi-national production to all but the most ardent British opera buffs is that a London firm, Beck and Pollitzer, is going to use high technology to achieve what thousands of slaves are expected to do in the score.

The obelisk, dragged upright by the slaves to entomb Aida and her lover, will be a 24-metre-high replica of the original, which is now in the Place de la Concorde, Paris.

As part of a £400,000 contract to provide the technology for staging the opera, Beck and Pollitzer will provide a steel obelisk with a canvas cover. And instead of relying upon the sweat of slaves, will raise it to the vertical by the power of electricty.

Cavalry charge

Here is one flotation where multiple applications will be welcome. The Cavalry and Guards Club has less than three weeks in which to raise £3.25m to buy the freehold of its London premises at 127, Piccadilly. "If we don't float, we are going to sink," says one club member.

Stockley, the property company which owns the freehold, has plans to convert the site into a hotel if the club's 3,025 members—and any sympathetic outsiders — cannot stump up the purchase price by March 16.

The club, whose president is the Duke of Kent, and whose members include Robin Leigh-Pemberton, governor of the Bank of England, was founded in the 1890s and has provided an elegant and congenial base for serving and retired officers and their wives ever since.

Membership costs anything between a day's pay for a serving lieutenant to £240 maximum for a retired field marshal. Subscriptions have been held at these levels for five years, but the club still runs profitably.

Chairman, Maj Gen John Strawson, former adviser to Westland, says: "The club has come to be regarded as part of London's heritage, and we now have a unique opportunity to secure its future."

If there is a strong sense of history and tradition within its walls, the club has been innovative and entrepreneurial in planning its rescue. County, the merchant banking arm of Nat West is managing an offer of debentures and preferred shares to the members and other interested parties.

Plain speaking

Top businessmen are not noted for frank confessions about their failings. Applause, then, for Yoshio Ohno, 65-year-old head of Shiseido, Japan's largest cosmetic company, for this admission in a Tokyo newspaper.

"I've quit saying anything about new products. When they told me Shiseido was going to put out white and yellow fingernail polish and black lipstick in the London punk fashion, I said don't make too much of that stuff, it's not going to sell.

"So what happened? We couldn't keep up with demand. Now I've even told middle management to leave fashions to the youngsters and not nip any young ideas in the bud."

Time share

Professional diligence can go no further. James Rowland-Jones, chairman of Bremner, the controversial property group, who is fighting a proxy battle to keep his seat, has 350,000 of his shares held by Midland Bank nominees.

When he telephoned them to ask why they had not sent a proxy card supporting him, they replied: "We never send in proxy cards until the last moment in case the client changes his mind."

Rowland-Jones assured them he had no intention of changing his mind and voting for his own removal as chairman.

Food for thought

The English-language Arab News carries a tasteful report of the catering operations in Jeddah of a company called M. M. Badkook. Its name does not seem to have been any obstacle to its progress. Not only has it "several prestigious contracts already under its hat," according to the newspaper, but it has "a finger in every pie" as well.

Observer

ECONOMIC VIEWPOINT

The paradox of the low dollar

By Samuel Brittan

WILL PLAZA TWO—the agreement made in Paris which aims to shore up the dollar at around its present exchange rate, for an unspecified period of months—stick?

There is at first sight a paradox. Nearly all the respectable forecasters and econometricians think that the dollar is *below* its international purchasing power value, but *above* the rate required to put the US current balance of payments on a firm downward path and allay the spectre of a debt trap.

On a purchasing power argument, the dollar ought to rise. But nearly every mainstream forecaster and policy analyst believes that the dollar ought to fall further to prevent US net external debt from soaring without limit. Goldman Sachs believes that the dollar may have to fall another 10 per cent. Prof Martin Feldstein, the former chairman of the Council of Economic Advisers, believes it needs to fall by another 20 per cent.

Most mainstream economists think the dollar should fall further

The reason the required adjustment is expected to be in the opposite direction to that of purchasing power parity lies in history. As a result of a series of payments deficits, US net foreign debt at the end of the decade is likely to be between $600bn and $900bn acording to estimates made by Prof Allan Meltzer for the Senate Banking Committee.

The service of that debt will require a trade surplus of $50bn to $70bn per annum, compared with the present annual deficit of $150bn (on a balance of payments basis more favourable than the headline stories). If the US next external debt is to stop growing in the 1990s, there will have to be a turnround of over $200bn per annum, equivalent to about 4½ per cent of gross national product in the US trading position.

The chart shows that nearly half to three quarters of the apreciation of the dollar in the early 1980s had been reversed by the third quarter of last year. By now the reversal must be about 80 to 90 per cent complete. But it is to cope with the accumulated hangover of the deficits that the real dollar exchange rate may have to move not only below its purchasing power parity but also below *what was considered* a very weak level in 1980.

The view expressed in this column that the US payments deficit reflects fundamentally an imbalance between savings and investment, of which the Budget deficit is the main manifestation, does not get one off the exchange rate hook. For a US fiscal tightening, which reduces the capital inflow from abroad and thereby improves the current balance, will bring a real depreciation of the dollar in its train.

The idea that a tighter fiscal policy should lead to a *weaker* currency—and a looser fiscal policy to a stronger currency—may seem paradoxical. But the key to the paradox is that we are talking about the real exchange rate.

If the British Chancellor surprises the foreign exchange market by announcing a lower than expected fiscal deficit, sterling may tend very temporarily to rise because of lower inflationary expectations, although the rise will probably be nipped in the bud by a policy—induced fall in interest rates.

In the American case, changes in the Budget deficit do not seem to have a large effect on *inflationary expectations either* way. The US underlying rate of inflation is some 2 per cent to 3 per cent above the West German and Japanese ones; and no one expects it to narrow. In that case, a reduced US budget deficit brings a weaker dollar, nominal as well as real, although not a crisis of confidence. Indeed, an expectation of a reversal of the past trend in the US budget may partially account for the shakeout the dollar has already experienced since 1985—more so than Plaza One.

I can think of only three ways of escape from the contradiction between the Plaza Two agreement and prevalent expert views of the appropriate exchange rate for the dollar.

● The estimates of international trade elasticities are too pessimistic; and the present dollar rate—which is after all well below purchasing power parity—will still prove consistent with a turnround in the US balance of payments. The likelihood of this happening would be strengthened if we could *abolish the statistical* black hole in the world economy, inside which it appears to have an $80bn deficit with itself.

● The US current account may improve only very slowly.

● Plaza Two will break down much earlier than the Group of Five intends.

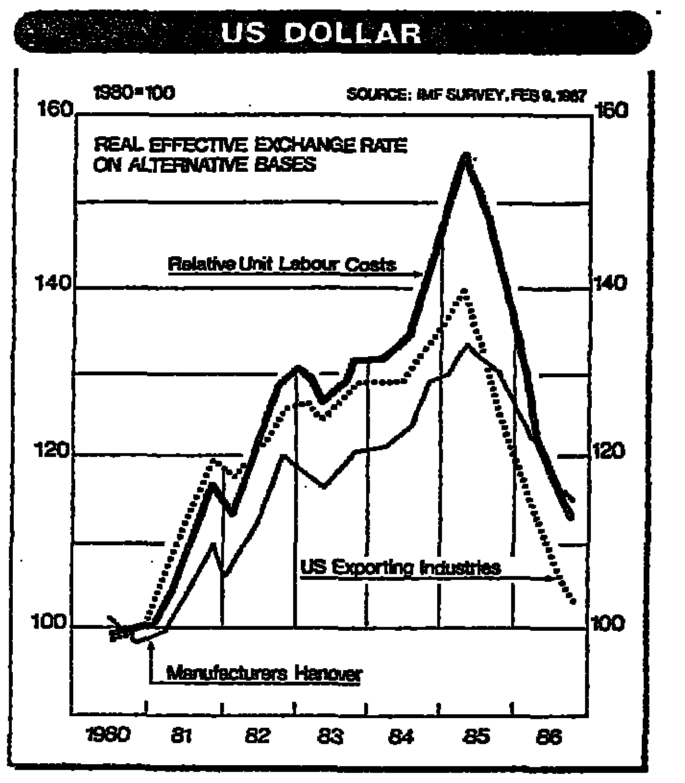
Although I should like to believe in the first escape route—that the econometric estimates are too pessimistic and that international markets are more responsive to price and profit changes—I do not want to put too much money on it.

Plaza Two may indeed come apart. But cynicism is too easy. My main hope lies with the second possibility, with equal emphasis on the US balance of payments improving, and on the improvement being slow.

There is evidence to support both sides of this contention. Goldman Sachs has carried out *a detailed analysis to show that,* although the US federal budget deficit is unlikely to fall as far as the Gramm Rudman legislation requires, it may nevertheless be expected to fall by about $35bn in 1987, or from 5½ per cent to 4 per cent of GNP. Such a fiscal contraction should be favourable for the US overseas *accounts.*

In Japan and Germany, even if governments are unwilling to indulge in budgetary stimulation, at least the period of fiscal retrenchment is now over. So Japanese and German trade surpluses will no longer be boosted further from the fiscal side.

US DOLLAR



The Manufacturers Hanover dollar index differs from the IMF and the Fed by including newly industrialising Pacific countries and Latin America. It also gives greater weight to Canada. The Manufacturers Hanover index plotted here is deflated by relative consumer prices.

There are also some direct suggestions that current account imbalances are narrowing slightly. If one looks at trade volume indices rather than trade values, the indications are clear. The volume indices react more quickly to exchange *rate changes* and do *not suffer* from the J curve (the tendency for the recorded trade account to depreciate initially after a devaluation, because the existing volume of exports becomes more expensive in terms of the home currency, before any other responses take place). The OECD volume forecasts suggest that the US export to import ratio hit bottom in 1986 and may rise by 5 per cent in both 1987 and 1988. The Japanese and European ratios are expected to fall by comparable proportions.

The estimates in Meltzer's paper illustrate why one should welcome slow adjustment. Suppose one wished to switch from a $150m trade deficit to a $60bn or $70bn surplus by the beginning of the next decade to stop the growth of US external debt and to service that already incurred. That objective would be equivalent to the doubling of current US exports or halving current US imports.

The turnround involved would be equivalent to 10 per cent of world trade and would be about twice the Japanese and German current payment surpluses combined — there is clearly not much scope for improving the US balance of payments at the expense *of the Third World or* the weaker or smaller OECD countries.

An attempt to make these vast changes in the composition of output in the major countries in the world economy would be a recipe for severe recession and protection. In a recession many of the resources released from the home market in the US or from the external sector in Germany and Japan would languish unemployed and not be switched to other uses.

These considerations add up to a powerful case for a slow-motion attack on the US overseas deficits and external debt. If the American external debt continues to grow in the 1990s, but at a gradually slower rate, so that it eventually stabilises as a proportion of the US national income, a debt explosion could be avoided, although not the burden of debt finance. There is a risk of overseas investors' confidence snapping during such a slow-motion adjustment. But the risks of US political leaders running out *of patience are much greater.*

In the meanwhile the condition for Plaza Two to hold is quite stringent.

It is that the expected rate of depreciation of the dollar after the expiry of the agreement should not be much in excess of the differential between interest rates in the US on the one hand, and in the creditor countries on the other. If the expected *depreciation* is larger it will pay to move out of dollars in defiance of the central banks.

A strong case exists for slow-motion attack on US overseas deficits

The differential between US short-term interest rates and *Japanese and German ones* is now only about 2 per cent. It could be increased by tightening US monetary policy or by a further monetary relaxation in Germany and Japan. Although there is some hint of more tightness in the US, it will surely be better for a sluggish world economy if the emphasis is put on monetary relaxation by Germany and Japan, which now have underlying inflation rates close to zero. The creation of more D-Marks and more yen would also act directly to bolster the relative value of the dollar.

The fiscal relaxations which mainstream opinion prefers to urge on German and Japan, would be likely, as I have already suggested to increase the strain on the dollar. They would be even more likely to increase world interest rates and aggravate the problems of less developed countries. A fiscal stimulus might still be necessary for emergency anti-recession reasons, once German and Japanese interest rates hit rock bottom. But the main thrust of international co-operation should be on the monetary side.

Lombard

Sexism and the church

By Michael Prowse

THE GENERAL SYNOD of the Church of England today ponders some of the practical consequences of ordaining women priests. It will consider *questions such as the* appropriate compensation for male priests who feel compelled to leave the Church. The agnostic bulk of the British public will wonder what all the fuss is about. In the secular world, the principle of sexual equality is taken for granted. Some discrimination still persists (look at relative pay rates), but few would dream of defending it. When the UK boasts both a female head of state and a female prime minister, it seems absurd to question women's right to occupy positions of authority.

The majority of Anglicans, to their credit, do not try to pretend that the Church should remain an exception. They agree that it must move with the times and that it cannot expect to be either relevant or respected if it practises a crude and outdated form of sexual discrimination. The history of Christianity has been one of innovation and adaptation. It was once thought that you had to be a Jew before you could become a Christian: St Peter exploded that misconception by baptising the centurion Cornelius, a Gentile. More recently, worship in English (as opposed to Latin) was bitterly opposed: a man died in prison as a result of reading the Bible aloud in his own tongue in the crypt of St Pauls.

It is certainly possible, however, to argue that secular reasoning cannot be carried over into a religious domain. Non-believers work on the assumption that human beings are sovereign; from their standpoint, men and women can simply *choose* to do away with all forms of sexual discrimination. Believers, in contrast, explicitly accept the authority of a Higher Being. Nobody can deny that God *could* have decided to put the sexes on different levels; if He did so, His followers would just have to accept this.

However, the evidence in favour of a sexist God is not very compelling. The sexual discrimination that disfigures much of the Bible can be put on one side: hardly anybody now takes the Bible literally (if they did women would still be wearing hats in Church). It also seems frankly absurd to argue that there is something specially significant about the maleness of Jesus Christ. God had to take earthly form either as a man or as a woman; given the timing of the incarnation, it is entirely logical that the form chosen should have been male. But had the incarnation occurred, say, in Manhattan in this century, the form, surely might easily have been female.

It is hardly stretching the facts to argue that Christ's virtues were largely feminine ones. His life of humiliation and suffering, as some theologians have pointed out, stands as a reproach to masculine glorification of power and dominance. Christ was anything but a macho male. God in human form, by assumption a being with absolute power, chose to get across His message by passively allowing others to do terrible things to Him. One would have thought, therefore, that women would be well suited to act as representatives of Christ.

The argument for reform—and speedy reform—is greatly strengthened by the pragmatic observation that the Church simply cannot afford to turn away gifted and devout applicants on grounds of sex. The life of a pastor no longer has the cachet it enjoyed in Jane Austen's day: theological colleges are hardly overwhelmed with applications from Britain's brightest and kindest graduates. Moreover, it is highly probable that female priests would be able to "get through" to some unbelievers that are quite resistant to the authoritarian preaching style of many clergymen. By fighting reform, therefore, the dissidents may actually be hindering the spread of the Gospel.

The Church's influence has been on the wane for more than a century. If it wants to reverse the slide and win more converts, especially among the young, it should not delay the ordination of women priests.

Letters to the Editor

Airline liability limits

From Mr H. Caplan

Sir,—The characteristically brilliant survey of airline liability limits by Messrs Martin and Balfour (February 19) conceals a dialogue of the deaf between those social theorists who demand unrestricted compensation for death or injury from the enterprise which can afford to pay ("enterprise liability") and those who urge restraint based *on personal* responsibility (or "personal insurance"). Both viewpoints generate business for the insurance industry.

It is universally true that personal insurance policies (life or accident — purchased by individuals or employers) provide the only method of ensuring adequate and timely protection for death or injury. It is not, as Messrs Martin and Balfour seem to imply, a result unique to aviation or air travellers. The main gap in the system is the difficulty (particularly for young people) of providing adequate cover for injuries which may require lifetime medical services. Nor is there some new statistical insight which only now enables airlines to purchase "substantially increased liability compensation" as advocated by your correspondents. The insurance market has always been able to provide adequate cover, and there is no doubt that leading airlines have always had and always will have adequate cover. The main arguments have been about price and it is in this area that the dialogue of the deaf becomes a thunderous roar.

Damages in the United States (and other common law countries) are *unrestrained* by considerations of personal responsibility or personal insurance. This is a potent factor in the price of liability insurance all over the world for every business and profession which has multiplied dramatically over the past 20 years under the influence of runaway damages in the US — the cost of which has been felt worldwide via the risk-spreading mechanisms of insurance and reinsurance. Thus airlines (who are particularly exposed to global forum-shopping) are reluctant to contribute anything more to the cost of the US-led damages explosion. This caution is not confined to "airlines of less developed states, which carry few westerners."

Montreal Protocol No. 3 represents the logical end of progress in airline liability limits. If and when the protocol comes into operation, the 100,000 SDR passenger limit is intended to be unbreakable, and governments will only be able to make small percentage increases in future years. This will revive the debate between "enterprise liability" and "personal responsibility." The US proposes to resolve the dilemma by creating an international air passengers' mutual insurance plan, financed entirely by a ticket surcharge (without reinsurance), to pay damage claims which exceed this future airline limit.

Before such a large slice of the market disappears forever from the insurance world, there is at least one alternative which should be considered, as it is potentially cheaper both for airlines and insurers. Suppose that airlines themselves purchased accident insurance for the benefit of their passengers. Accident insurers seldom have to budget for multi-million dollar lawyers or lawsuits — hence dollar for dollar, accident insurance can be provided more cheaply than liability insurance. (Many passengers already have it "free" with their credit cards). Unfortunately, in common law countries, there would be no reward for any airline who wished to do this. Benefits from an accident policy must flow direct to claimants and will give no relief to the airline from liability claims. If the object is to "ensure adequate and timely protection" for all travellers — this would be a more certain road, which might well reduce insurance costs for the passenger-carrying enterprise. Alas, the law would have to be *changed*. It is not a new idea. It has a long history in Europe.

Harold Caplan.
36, Eastcheap, EC3.

Paying for studies

From the Acting Director, Open Business School, Open University

Sir,—In his letter (February 19) Michael O'Shea concludes that, if British business school education is worth the full cost students will be willing to pay for it. Perhaps, but the educational marketplace also affords opportunities for management education that do not entail students in a £1,700 per year full-time commitment to studying.

Those who choose to combine studying with work experience will find that the Open University's Open Business School offers management education at a price they can probably afford. In any case, our experience is that employers are usually willing to pay the fees: 80 per cent of OBS students are sponsored by their companies.

As the manager-student progresses he, or she, will find that our typical course fee of £435 buys expertise in specific fields as they may be encountered. Our courses are tailored to meet the demands of the modern business world.

From the taxpayer's viewpoint—to refer to the other side of Mr O'Shea's equation—OBS students do not enjoy fee subsidies. In the long run, the school must stand, or fall, on its own—and the fact that more than 10,000 managers have studied courses in our first three-and-a-half years indicates that it already exists on a firm foundation. What this shows is that many people prefer not to have to take time off work to study their vocation, and that many employers prefer not to let them go.

Euan S. Henderson,
Walton Hall,
Milton Keynes, Bucks.

Insider trading

From Mr O. Ladimeji.

Sir, — The insider-trading laws are fundamentally flawed. As the regulations are made tighter and more strictly enforced, so also the potential profits from insider dealing rise. At the extreme, strict enforcement would create monopoly profits for anyone who could find a way round or who simply broke the law. It is clearly farcical to have a law the more strictly it is enforced the more profitable it becomes to violate it. Even if detection were certain, one can imagine a situation where the monopoly profits *were so high — in millions of* pounds — that many would opt to break the law, grab the money, have plastic surgery and disappear.

On the other hand I am not a supporter of legalising insider dealing. Those who do support it do not appear to have considered its behavioural and distributional effects. If much more money can be made from insider dealing than from the regular provision of services large sections of the financial community will be drawn to this and away from productive activity. One can imagine new graduates asking prospective employers what opportunities they provided for insider-dealing and were these passed down to the junior members!

It seems to me that what is required is some institutional response that evaporated a large part of the potential profits from insider dealing. By reducing the potential profits one reduces the incentive to break the law. One scheme might be that any firm seriously considering a take-over would have to notify a central body who would put an asterisk on the firm's share quote without identifying the potential purchaser. Arrangements would be established for the regular removal of stale asterisks if bids are not pursued. In such a situation an owner of shares is forewarned and sells, if he does, at a gamble on whether an actual bid will arise.

Unless a scheme to reduce the potential profits is put into effect, one cannot help wondering whether, following the public-choice school of economics, the insider-trading laws were not sponsored by a group within the financial community who knew or thought they knew how to get round them or how to avoid getting caught and wanted the monopoly profits on this activity all to themselves.

O. A. Ladimeji,
Flat 5,
10a Airlie Gardens W8.

Textile trading

From the Director, British Textile Confederation

Sir,—Mr Bajwa (February 17) the Geneva spokesman for many of the textile and clothing exporting countries covered by the Multi-Fibre Arrangement, seems to have got *himself* rather tangled up in interpreting British trade statistics, to judge by his comments on a recent report produced by my confederation in co-operation with the British Clothing Industry Association and the Knitting Industries' Federation.

The volume of UK textile and clothing imports from the low wage and state trading countries covered by the MFA rose by 21 per cent in 1986, on the back of devaluation of their currencies against sterling, while imports from other EEC countries fell by 1 per cent. In clothing — where most MFA countries concentrate — the MFA exporters accounted for no less than 63 per cent of total clothing imports, in volume terms, last year, mostly from a handful of newly industrialised countries. These are indisputable facts. Mr Bajwa's letter, which seems designed to minimise the dominance of the MFA countries strikingly shown by these figures, uses only data in terms of value, without taking into account the distortion caused by violently fluctuating exchange rates.

It is a pity that Mr Bajwa did not choose to comment on another point made by the BTC in releasing its report: the scandalously restrictive attitude taken by many of his members among the NICs in protecting their own textile and clothing markets.

Ian MacArthur.
24 Buckingham Gate, SW1

FINANCIAL TIMES

Thursday February 26 1987

Wall Street takes the strain

James Buchan in New York explains why arbitrage has become a dirty word

Wall Street: demoralised

Mr Ivan Boesky

Mr Martin Siegel

GOLDMAN SACHS, the reticent Wall Street investment bank, was once so proud of its successful defence of Unocal, the West Coast oil company, against Mr T. Boone Pickens that it told the world:

"This complex assignment," the bank said in its 1985 financial review, "required one of the most extensive efforts the firm has ever made to bring to bear the diverse skills of mergers and acquisitions, corporate finance, trading and arbitrage, and securities research professionals."

These words have come back to haunt the blue-chip investment bank. Two weeks ago, Mr Robert Freeman, the general partner responsible for the speculation in takeover stocks known as risk arbitrage, was arrested at the bank. It was alleged he supplied confidential details of Unocal's defence to Mr Martin Siegel, then a senior corporate financier at Kidder, Peabody, as part of a ring to swap inside information for arbitrage purposes.

The arrest of Mr Freeman, along with two former Kidder arbitrageurs (arbs), and admissions by Mr Siegel have demoralised Wall Street's arbs just as they were beginning to recover from the heavy losses caused by the disgrace last November of Mr Ivan Boesky, the so-called King of the Arbs. Never a talkative race, they are now shy as does.

"Unfortunately, the name arbitrageur is not the most popular around," said one arb anonymously. As the investigation into insider trading, conducted by the US attorney and the Securities and Exchange Commission, throws up new victims – and informers – so attention in Wall Street and in Washington is focusing on the potential for abuse in the major investment banks, which operate arbitrage departments and advise corporate clients on deals. These firms include such fine names as Morgan Stanley and Salomon Bros as well as Goldman Sachs.

Goldman and Kidder have sturdily defended their employees. Some bankers argue privately that the charges may derive only from such self-confessed miscreants as Mr Siegel or Mr Boesky. Others continue to say that arbs serve important market functions.

Arbs buy stock in the hope of making a profit when a deal goes through. They add liquidity to the market and assume the risk of a deal's failure from other investors. Equally, they can help dealmakers to assess what the market will or will not accept.

The banks are supposed to operate invisible barriers, known as Chinese walls, between the dealmakers and the arbs. But "Chinese walls didn't keep the Mongols out of China," Mr John Dingell, a Democrat Congressman who last week tabled an insider trading bill, was reported as saying.

"Arbitrage departments are the point of greatest vulnerability for the misuse of information," says Mr Sam Hayes, professor of investment banking at Harvard Business School.

According to the criminal and SEC charges, Mr Siegel was active in arbitrage as well as corporate finance, his titular department at Kidder. There are widespread fears that the takeover boom of the 1980s and competitive pressures may have knocked holes in Chinese walls throughout Wall Street.

"The investigation will show if they were all insider traders," says Mr John Stoppelman, a Washington attorney with knowledge of securities regulation.

Earlier, the market was dominated by the likes of Goldman Sachs and Bear Stearns, but from the 1970s, when Mr Boesky set up on his own, a growing number of outside players have entered the field, including tiny boutiques run by former associates of Mr Boesky.

By last year, when the takeover boom peaked with no fewer than 3,356 public and private deals worth $177bn, capital was flowing into arbitrage at an unprecedented rate. The new Boesky fund, formed in March with $1bn in equity and debt, was just the largest of a number of new arbitrage partnerships.

As many as 200 firms may have been involved in arbitrage, with up to $15bn in capital committed. Even commercial banks, such as Chemical, toyed with the idea of getting into the game and hired Mr Timothy Tabor, one of the two Kidder arbs, since charged with insider trading. Sometimes it only needed somebody to announce a stake in a company to "put it in play." The arbs would rush in, leaving management with an extremely volatile share register.

On November 14, the pack of cards came tumbling down. Mr Boesky agreed to pay more than $100m in illegal profits and fines and it has since been alleged that his brilliant intuition was little more than information stolen with the help of Mr Siegel and Mr Dennis Levine, a former managing director at Drexel Burnham Lambert, the fast-growing investment bank deeply involved in financing takeovers.

Takeover stocks plummeted, by up to a third, on the news, and "some of the small speculators got hit so badly they shut up shop," according to one arb. Some estimates say that as much as 50 per cent of the capital committed to the market in November has vanished, including the Boesky funds.

Arbs say the withdrawal of capital and the eviction of traders "playing with a stacked deck" has lead to wide spreads between market prices and the expected prices of companies taken over. These wide spreads would normally offer opportunities for profit, but there are very few deals, and arbs have become much more cautious.

"Our feeling is that this year the market has dried up," says Mr James Kelly, president of W. T. Grimm, a Chicago firm which monitors US merger activity. One reason is that stock prices have shot up this year, making takeovers more expensive, but the pervasive air of scandal has scared away nervous institutions and investors.

"Nobody has confidence that the Drexels of this world have the big bucks for takeovers," said Mr Stoppelman, the Washington attorney.

Up to now, only one bank has publicly downgraded arbitrage. Merrill Lynch, which hired Mr Tabor on the rebound from Chemical, said it had fired Mr Tabor and rethought its strategy. "The arbitrage community had a difficult time in the last quarter of last year," said Mr Bill Clark of Merrill. "Being a practical company, we decided to rethink the deployment of capital. That's why Tim Tabor was let go. Nobody's conservative in arbitrage. But there are elements of risk that we would no longer take."

Britain blocks bids for British Sugar

By Andrew Gowers in London

BRITAIN yesterday blocked two rival attempts by Italian and British companies to acquire British Sugar, the UK beet refining monopoly. The decision followed a strong recommendation from the Monopolies and Mergers Commission.

Mr Paul Channon, Trade and Industry Secretary, ruled that control of the company, a subsidiary of S & W Berisford, the troubled commodity trading and processing group, by Ferruzzi, the agribusiness conglomerate which is Italy's third largest private sector company, or by Tate & Lyle, the UK cane refiner, might be expected to operate against the public interest by restricting competition.

He also ordered Ferruzzi to reduce its stake in Berisford from the present 23.7 per cent to a maximum 15 per cent over the next two years, and to exercise voting rights over only 15 per cent of Berisford's share capital in the meantime.

Mr Channon's decision, which follows a year of intense speculation over the future of British Sugar, disappointed Ferruzzi, Tate and Berisford, but was not entirely unexpected. Berisford's share price fell after the announcement but later recovered to close up 11p at 278p, while Tate rose 32p to 765p. On the Milan bourse, privately-owned Ferruzzi's holding company Agricola Finanziaria fell L35 to close at L2,235.

The ruling was welcomed by major sugar buyers in the food industry, who had feared that a takeover of British Sugar either by Tate or by Ferruzzi might have the effect of restricting competition and raising sugar prices. But the National Farmers' Union, representing British Sugar's beet suppliers, said that while the decision had clarified the situation it had not dispelled uncertainty over the future of the company.

City of London analysts said the decision, while removing the prospect that Ferruzzi or Tate would pay an excessively high price for British Sugar, was a setback for all three companies involved. Ferruzzi saw British Sugar as a key to expanding its worldwide agricultural business.

Berisford has been disposing of assets in order to reduce its debts and had conditionally agreed to sell a 70 per cent stake in British Sugar to the Italian company for £425m ($654m).

Many observers believe that Mr Ephraim Margulies, Berisford chairman, would still like to sell British Sugar at the right price, though his advisers sought yesterday to dispel that impression. Analysts also note that both Ferruzzi and Tate, with 14.9 per cent, retain large stakes in Berisford, which might come into play should another bidder emerge.

The decision was also a blow to Tate & Lyle, which had mounted a bid for Berisford as a way of gaining control of its only significant UK rival and securing the future of its British cane refining operations, whose profits have fallen sharply in recent years.

However, Mr Neil Shaw, Tate chairman, took comfort from a strong recommendation in the report that the problem of its depressed UK cane margins should be addressed by some other means. The Commission urged the Government to press Britain's EEC partners to agree an improvement, and said that failing this. Whitehall might have to consider directly subsidising Tate.

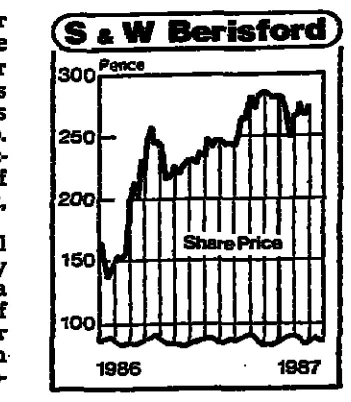
Mr Shaw has warned in the past that, if nothing is done to improve the position and if UK sugar demand continues to decline, the future of Tate's two British factories – at Greenock and in east London – may be in jeopardy.

Berisford and British Sugar yesterday put a brave face on Mr Channon's decision.

Sour end to sweet story, Page 18

THE LEX COLUMN

Such sweet sorrow



Since it became clear in December that the easiest, and perhaps the best, way out of the British Sugar tangle would be for the authorities to block both bids, Tate & Lyle's share price has risen around 200p. The last 32p of that gain came yesterday, when the Department of Trade announced just that decision, taking it to 765p.

Shareholders' relief that Tate will not be paying up to secure the only British beet refiner may be worth a bit more on the price yet, even if winning control of British Sugar was the most favourable long-term solution to Tate's UK refining problems.

Tate has won a valuable second prize in convincing the Monopolies Commission, if not yet the EEC, that something must be done about the cane-refining margin. If some acceptable way of paying Tate more without paying cane producers less could be found it would do wonders for profits. In any case, now that British Sugar's new management has formally abandoned predatory pricing policies, Tate's UK refining profits are set for a rapid recovery this year.

Yesterday's tip rise in the S&W Berisford share price to 278p is not the usual movement of a bid target no longer under threat. It interprets the near 40 per cent stake held between Ferruzzi and Tate not as a stock overhang but as someone else's bid platform. Neither holder now has much reason to hold on beyond the 8½p final dividend and both might have better uses for the money. However, British Sugar offered both Ferruzzi and Tate a strategic advantage not available to most eligible bidders; others can hardly be prepared to pay as high a price for a mature business.

Berisford's assertion yesterday that it was committed to full ownership of British Sugar contrasts with a strong desire to sell 70 per cent of it so recently. That sort of flexibility is no more than the market has come to expect from this company, but the argument made to shareholders three months ago of the benefit to Berisford of raising £425m could still hold even if the amount is somewhat less.

Glaxo

Anticipation is often sweeter than actuality, but not in the case of the long-awaited Glaxo conference; three weeks of suspense were worth about £1.4bn to Glaxo's capitalisation, and yesterday's response to the details added a further £525m.

Since the beginning of the year, Glaxo's market value has increased by almost 60 per cent, at a compound rate of over 1 per cent per trading day. At that rate, the shares might be expected to reach £100 apiece by Christmas, making the company worth about £80bn – equivalent to about a fifth of the entire London market at present prices.

The fantastical nature of this projection does not, of course, render it impossible of fulfilment. Glaxo might simply be cheap on fundamentals, given the very high rate at which its earnings are increasing. Undervalued as it may still be, Glaxo must, however, be approaching its international level.

Assuming some £500m at the bottom line for the year that ends this June, the company is valued on almost exactly the same multiple as Merck – 24 times prospective earnings – and that is a fair premium to the average for pharmaceuticals in the US. Japan, where much of the demand for Glaxo stems from, is another matter; but even there, a minority of drug companies are accorded a current-year multiple of more than 70.

Saab

Saab, the latest Scandinavian thoroughbred to seek a more international share register, will have done its reputation no harm at all with yesterday's figures. With the US executive classes still queuing up to wait six months for the Saab 9000, the decision to expand output in the car division to 180,000 now looks almost conservative: not bad for a division that was written off as too small to survive seven years ago.

Despite a depreciation charge of over £100m pre-tax profits still rose 15 per cent to SKr 3.32bn (£330m) and the SKr 2 a share dividend rise was doubled by a special 50th anniversary distribution.

The feared squeeze between a declining dollar and a rising mark has been avoided; in fact Saab actually made money on currency differences. Next year could prove more difficult and there is also the longer-term fear of a growing Japanese presence in the US luxury car market which suggests faster penetration of Europe may be necessary. The truck division – which will remain the dominant engine of growth for the forseeable future – knows all about that and is expected to lift its market share (and remarkable margins) again next year. London should provide a warm welcome if the shares are, indeed, be listed.

Scandinavian Bank

Pricing Scandinavian Bank cannot have been easy. A novel sort of equity – multicurrency units – in an unusual type of bank, the issue seems to be overcoming the handicap of unfamiliarity, pulling in an unexpectedly broad stream of enquiries from individuals and going down well enough with the institutions. Thus far, there might have been some temptation to push the price hard, and hope that the weight of applications carried the issue through to a small premium.

Yet the existing shareholders are committed to keeping so much of the stock that they stand to lose more from a sour after-market than they could gain from scalping the new subscribers. And although Scandinavian has made a point of protecting its future earnings by generous provision against Latin American loans, the rising sense of risk that has afflicted bank shares this week has had to be recognised in the 210p price. Unless Brazilian brinkmanship makes things worse before the issue closes, or the market is flooded with rights issues from the clearers, Scandinavian should be safe.

UK economic prospects revised upwards by national institute

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT IN LONDON

THE NATIONAL Institute of Economic and Social Research, the independent UK forecasting unit, said yesterday that it was now more optimistic about Britain's short-term economic prospects, and halved its previous forecast of the likely current account deficit this year.

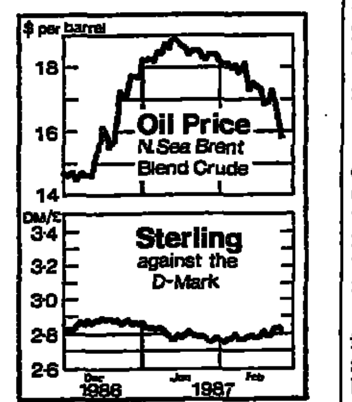
The institute, which in recent years has been among the more gloomy of Britain's forecasters, revised upwards its projection of output growth this year, and nudged down its forecast for inflation. The forecasts assume that Mr Nigel Lawson, the Chancellor of the Exchequer, will cut taxes by £2bn ($3.8bn) in his March 17 budget.

Sterling's strong run in the wake of the Paris accord on currencies ended yesterday.

The pound had risen strongly earlier this week partly because of confidence in the British economy.

Yesterday, however, the continued fall in oil prices which took Brent, one of the key crude oils, below $16 a barrel, unnerved those investors who had bought substantial amounts of sterling earlier in the week, and they started taking their profits.

In London, the pound ended at $1.5375 and DM 2.8100.



Its latest quarterly review still projects a marked deterioration in Britain's trade position at the end of the 1980s.

In the short term, however, it believes that the impact on the current account of the balance of payments will be less severe than previously expected because of buoyant earnings from Britain's overseas assets.

For 1987, the institute is forecasting a current account deficit of £2.6bn compared with the £5.6bn shortfall it was predicting last November. Output this year is now expected to rise by closer to 3 per cent than the 2.5 per cent it had previously forecast, while inflation, though accelerating, may remain under 5 per cent.

The growing optimism over economic prospects in the run-up to the general election was reinforced yesterday by the final results of the latest survey of the Association of British Chambers of Commerce. The survey indicates that brighter prospects for orders and jobs in industry have now spread from the prosperous south-east to the Midlands and the north of England.

The institute made clear that it believed the improvement was not a reflection of the success of the Government's strategy but rather a reflection of its decision to ease policy ahead of the election. It also sees little hope of more than a small and temporary downward trend in unemployment.

Nevertheless, the more upbeat tone of its forecasts is likely to encourage speculation in London's financial markets of an early reduction in interest rates, if not before, then certainly immediately after the budget on March 17.

Mr Lawson indicated at last weekend's meeting of foreign ministers in Paris that, while he did not want to see any fall in sterling's value, he would also prefer it not to rise strongly.

This suggests that the Treasury has an informal target range for the pound's value and would react to a sharp appreciation by cutting interest rates.

The Bank of England, however, has so far adopted a cautious stance, reflecting its concern about inflationary pressures in the economy and still-buoyant credit and money supply growth.

Details, Page 6

Reagan on the defensive over Iran report

Continued from Page 1

some improvement in the public's assessment of how he is handling his job, with 55 per cent of those asked approving of his job performance compared with 50 per cent in December.

Officials have conceded that they expect the report to be highly critical and the White House is reported to be planning a public relations offensive by the President next week to help him regain the political initiative.

There have been apparently conflicting reports about the commission's study in leaks which have been appearing in the press. Some, for example, have suggested that the report will conclude that the administration entered into the arms deal with Iran with the clear objective of swapping arms for US hostages held in Beirut by pro-Iranian terrorists.

Other reports have suggested that the commission accepts the President's assertion that the initiative was essentially a diplomatic initiative aimed at trying to build relationships with moderate political elements in Iran.

The reports is expected to be the most comprehensive assessment of the controversy so far. But it is not expected to resolve many of the outstanding issues, such as how much of the proceeds of the arms sales were diverted to the Contra rebels seeking to overthrow the Government of Nicaragua.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	13	55	Dubrovnik	–	–	–	Malta	S	15	59	Rhodes	F	12	54
Algiers	R	17	63	Edinburgh	F	3	37	Manchester	S	3	37	Rio de J'o	–	–	–
[illegible]				[illegible]				[illegible]				[illegible]			

Readings at mid-day yesterday: C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Fears over Brazil debt

Continued from Page 1

1982 and 1983 when banks refused to roll over such loans, contributing to severe liquidity problems for Brazilian banks.

If there had been any erosion, bankers believe it would have been better handled by concentrating on those banks refusing to extend the lines rather than by a blanket penalisation.

The Brazilian move is expected to have little or no effect on creditors who simply renew credit lines. Creditors often, however, agree to renew lines but are actually repaid for several days before the loan is re-extended. This shows the lending bank that the borrower is liquid. In this case – or if a creditor refuses to renew – the payment is to be made into the Central Bank.

Dividends and profit remittances are continuing to be honoured by Brazil, though these too are now being required, until tomorrow, to pass through the central bank.

While officials have assured foreign companies that this procedure is simply a temporary measure to prevent fraudulent leaks of foreign exchange, there is concern that the requirement could become permanent.

Despite persistent denials from the Government, there is also widespread speculation in the media and business circles that Brazil's foreign exchange reserves are substantially less than the $3.96bn claimed, if outstanding liabilities are subtracted.

India calls for counter-trade

Continued from Page 1

Companies bidding to supply 40 to 60 seat passenger aircraft to Vayudoot, India's third public sector airline, are being asked to cover at least 30 per cent and maybe 70 per cent or more of the foreign exchange cost, and Boeing has been asked to cover part of the cost of the expected order from Air India for two or three 747 airliners.

India would also like to make some parts for Airbus Industrie aircraft

On the Vayudoot contract, Saab of Sweden is believed to have offered to sell its aircraft for Indian rupees, without involving any foreign exchange, which is one way of making a counter-trade offer.

INTERNATIONAL APPOINTMENTS

Mattel elects new chief

BY LOUISE KEHOE IN SAN FRANCISCO

MATTEL, the California manufacturer of Barbie Dolls and a wide range of toys and games, has appointed John W. Amerman, formerly president of its international division, its chairman and chief executive.

Mr Amerman succeeds Mr Arthur S. Spear, who announced his retirement in October. Since Mr Spear's retirement, Mr Amerman has been a member of a three-man executive team that has performed the chief executive's functions.

The appointment of Mr Amerman comes in the wake of Mattels' recently reported fourth quarter net losses of $19.6m. For 1986, Mattel made net losses of $951,000, compared with net income of $78.7m in 1985.

The international division, which Mr Amerman has run, has however performed well over the past year, recording a 47 per cent sales increase for the first nine months, while US sales sagged. Total sales for 1986 were flat at some $1.06bn.

Industry analysts say that Mattel's problems in the US lie with the shrinking popularity of its "Masters of the Universe" action figures, which for several years enjoyed high ratings among little boys.

Even Barbie, Mattel's 27-year-old dress-up doll, has problems with new competitors such as Hasbro's more modern "Jem" doll, the leader of a female rock band.

But Mattel is fighting back with some new ideas of its own. The company has recently launched a new range of toys called "Captain Power and the Soldiers of the Future" which automatically interact with television broadcast signals to bring a cartoon show "to life." And Barbie, despite her age, is doning "rocker" gear and leading her own band called "Barbie and the Rockers."

CSR reorganises management

BY OUR FINANCIAL STAFF

CSR, the diversified Australian sugar refiner, has followed the announcement in December of the appointment of Mr Ian Burgess to succeed Mr Bryan Kelman as chief executive officer at the end of this year, with the announcement of further changes.

Mr Gene Herbert is to be appointed deputy chief executive on Mr Kelman's retirement in December. Mr Herbert lately took over responsibility for all group finance matters, while retaining responsibility for the group's oil and gas and coal activities.

Mr Gavin Campbell, executive director, is to retire from CSR, and will leave the company towards the end of the year. Mr Campbell is to help with the transition by taking responsibility for the group's sugar activities until his retirement.

Mr Tony McAuley, executive general manager, minerals, has decided to retire on July 1.

Mr Bill Bennett is to take responsibility for the group's minerals activities and planning and development, in addition to his responsibilities for aluminium and the group's personnel and services functions.

Mr Burgess, Mr Herbert and Mr Bennett are to continue as executive directors of CSR Ltd, as will Mr Campbell until his retirement.

CSR is planning to restructure its oil and gas investments. It intends to amalgamate its investments in the Cooper Basin with its other oil and gas activities (excluding Richter Drilling) to form an entity to be known as CSR Petroleum.

Mr Fraser Ainsworth, managing director of Delhi Petroleum, is to become chief executive of CSR Petroleum, on April 1. Mr Greg Swindon, executive general manager, oil and gas, is to retire on March 31 and will become a director of, and consultant to, CSR Petroleum from April 1. Mr David Sawyer will continue as executive general manager, coal. Mr Geoff Kells is appointed executive general manager, building materials.

Senior post change at Northrop

NORTHROP Corporation, the manufacturer of military aircraft and of military electronics programmes, has appointed Mr Kent Kresa, 48, president and chief operating officer, in succession to Mr Frank Lynch, 65, who has been elected vice chairman.

Mr Kresa, who joins the board, became senior vice president of technology and development of Northrop in 1982, having joined the company in 1975.

Mr Lynch took over as Northrop's president and chief operating officer in 1982. He has been with the company since 1950.

Phelps Dodge leadership shift

PHELPS DODGE CORPORATION, the largest domestic copper producer in the US, has appointed Mr G. Robert Durham chairman and chief executive. Mr Durham is to remain in the position of president. Mr George Munroe has retired as chairman, but remains a director and is also to serve as chairman of the finance committee of the board.

Three new vice presidents—Mr Nicholas Balich, Mr Thomas Foster and Mr William Tubman — have been elected, and Mr Robert Krebs has been appointed a director.

Alusuisse nominates its next chairman

BY JOHN WICKS IN ZURICH

Mr Pius Binkert: set to take over as chairman of Alusuisse

MR PIUS BINKERT has been nominated by the board of Swiss Aluminium, of Zurich, to succeed Dr Nello Celio as company chairman in April.

Dr Celio, a former Swiss Minister of Defence and of Finance, had taken over the leadership of the Alusuisse Group early last year, following the resignation of Mr Emanuel Meyer, as chairman in the wake of substantial corporate losses. Dr Celio then undertook to serve as chairman until reaching the statutory retirement age this year.

Mr Binkert, who is 63, is board chairman of the Zurich-based Forbo group—an international producer of carpeting and wall coverings—and also acts as managing director and deputy chairman of Keramik Holding, the maker of ceramic products, of Laufen, and a board member of Swiss Bank Corporation, one of the Big Three Swiss banks, of Basle.

Also up for election to the Alusuisse board at the April 22 shareholders' meeting is Dr Albert Bodmer, chairman of the executive committee of Ciba-Geigy, the Basle-based chemical company.

Top move at Lohjan Paperi

BY OLLI V. VIRTANEN IN HELSINKI

LOHJAN PAPERI, the Finnish paper making subsidiary of Rauma-Repola, the Finnish industrial group which acquired Sterling Coated Materials of the UK in 1985, has appointed Mr Jussi Virkkunen, 43, as managing director. Mr Virkkunen, who is currently managing director of Lohja Papierproducte, the German subsidiary of the company, is to take up the position on May 1.

Lohjan's current managing director, Mr Seppo Virtanen, 44, is to become chairman of the board at Lohjan Paperi.

Accountancy Appointments

Accountancy Appointments

FINANCE DIRECTOR

FAST MOVING LEISURE INDUSTRY

Berkshire c.£35,000 plus car & benefits

This interesting company is a profitable subsidiary of a young, dynamic PLC. Operating across the UK through regional offices, it employs several hundred field based sales/service staff.

The core activity is the supply of entertainment equipment to a wide range of leisure outlets and the company is an important player in a competitive market.

The Finance Director will control established accounting and DP functions. Budgetary control and management reporting systems are computerised and make a positive contribution to the performance of the business at operating level. Working closely with the Managing Director, the appointee will make a substantial input to business strategy and be accountable for the effectiveness of a major element of the company's overheads.

Candidates should be qualified accountants used to working closely with (and preferably managing) DP resources. A background in a fast moving, sales-led business is essential.

The appointment, which will initially be made on a designate basis, carries attractive benefits and relocation assistance will be provided, if necessary. To apply, please send full career details quoting reference M6130/L to Mike Smith, Executive Selection Division.

PEAT MARWICK

Peat Marwick Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

Finance Manager

Europe/Middle East/Africa

c £25,000

This position is based in the London Office of the E.M.A. Division of a substantial American high technology multinational whose activities in the region include 4 manufacturing centres; marketing, sales and after sales service in approximately 20 territories; and several Joint Ventures.

The Region is dynamically managed by a small high calibre top team which has recently restructured the businesses to strengthen still further the leading position in the market place. *The Finance Manager is required to replace a promoted Accountant who* was No. 2 to the Regional Financial Controller.

The main responsibilities include the consolidation of monthly reporting for the region and preparation of analysis and commentary for management; an important new initiative to realign management information with the new structure; development of banking arrangements through the Region and the minimising of foreign currency risk; reviews of the international tax position of the European companies and the preparation of UK computations; and a variety of ad hoc projects throughout the Region. Regular liaison with local controllers and the USA parent is required and there is high level general management exposure within the office. There will be some overseas travel of short duration.

Applicants should be qualified accountants with experience of US accounting conventions and current computer applications gained either in the profession or with another US multinational. *Applicants from the profession with several years' post qualification experience, will be welcome. The ability to convey financial information easily to general management and to comprehend the economics of the business is an* important requirement.

Please reply quoting reference L 287 to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

CRIGHTON

DESIGN MANAGEMENT CONSULTANTS

Financial Controller/ Company Secretary

Crighton is a dynamic and fast expanding design management consultancy specialising in retail, shopping centres, offices and graphic communications.

Established in 1984, with backing from the Prudential, we presently employ 55 people. When ready, we wish to be a public company in order to fuel long term growth objectives.

An experienced, hard working and highly capable Financial Controller is required to proactively manage the finances of the company. You will be responsible for financial and management accounting, computing systems, financial administration and all company secretarial duties.

It is likely that you will be between 30 and 40 years old as the person we require needs proven line management skills, flexibility and drive. You must be professionally qualified and, ideally, have had 3 years management experience within a service industry.

Base salary is negotiable. You will receive a profit bonus and share options, which have exceptional capital gains potential. Career opportunities are unlimited.

Please write, with C.V., to Anthony Coats, Crighton Limited, 10 New Oxford Street, London WC1A 1EE, Telephone (01) 405 8484.

Appointments Advertising

£43 per single column centimetre.
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For further information call:
Jane Liversidge 01-248 5205

SPECIAL PROJECTS SERVICE INDUSTRY

ACCA/ACMA Late 20's

City £ Excellent

Our client is a major division of a substantial Blue Chip Group, operating within a specialist market on a worldwide basis.

An immediate requirement has been identified for an individual of outstanding ability to take up a high profile project based role. Reporting directly to the Divisional Financial Controller, principal areas of involvement will include the standardisation of financial models and reporting formats, economic and treasury analysis, including monitoring FX exposure.

Candidates should be young, highly motivated accountants with a strong academic background. They will also be required to demonstrate excellent analytical and inter-personal skills. The remuneration package includes a high base salary, company car and other benefits commensurate with a progressive organisation. Prospects for further development are excellent.

Interested applicants should contact Eileen Davis on 01-930 7850 or write enclosing brief details to the address below:

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
66-68 Haymarket London SW1Y 4RF Telephone: 01-930 7850

Pensions Manager

Circa £28,000 Somerset

C & J Clark Limited, the parent company of the privately owned international shoemaking and retailing group, wish to appoint a **Pensions Manager** to control our UK Fund, owing to the planned retirement of the present manager.

Reporting to a C & J Clark Limited main board director, you will take full responsibility for running the Pensions Department which controls and administers a fund currently standing at £130m, with 5,700 members and 4,500 pensioners.

Ideally you will have an appropriate qualification in either Accountancy, Company Secretarial or a related profession, preferably with a knowledge of UK pension practices. Also, a working knowledge of international pensions and computerized pensions systems would be an advantage. Maturity and personal attributes are important; the successful candidate, therefore, is unlikely to be under the age of 45.

The Company prides itself on the fund having a human face – consequently the person appointed will have an ability to communicate with all levels in the business.

As we are currently considering changes needed in the light of recent legislation and are conducting a basic review of our UK occupational schemes, the new Pensions Manager will be involved in that process.

A comprehensive benefits package is provided, and includes a 2-litre company car, bonus scheme, and free BUPA, together with generous relocation expenses.

***Please write,* with full C.V. to:**
David B. Humphrey,
Management Development Manager,
C & J Clark Limited,
40 High Street, Street,
Somerset BA16 0YA.

CJC

FINANCIAL DIRECTOR

A key appointment in Property Development

£35,000 p.a. neg. + benefits **Hertfordshire**

Our Client seeks an exceptional individual to assume a key role in the financial management of their growing property development and property investment business. With extensive resources and a diverse and impressive portfolio, the Company's outstanding success is due in no small part to the strength and commitment of their management team.

You should be a Chartered Management Accountant, aged up to 35, with at least five years post qualification experience in a senior commercial role. Previous involvement in the property development business will be a definite asset. In addition to providing management accounting information and control to the business you should have the experience to advise the Company in **Corporate Taxation Matters, Acquisitions,** and the **Treasury Function.**

With a proven record of success, you must also demonstrate the following qualities:

* A self-starter with a successful track record in contributing to the growth and profitability of a business.
* The ability to implement change within a proactive environment.
* A knowledge of computerised systems.
* The ability to design and implement innovative systems which will cope with changing circumstances.

The Financial Director will also assume the responsibilities of Company Secretary and should be familiar with the legal aspects of this role.

An attractive employment package will be offered with the opportunity for equity participation. The Company is located in St. Albans which is convenient to all major routes North of London.

If you can meet these requirements write in strict confidence to N. J. Beaumont at the address below quoting reference FT/740/NB.

Executive Selection Associates Limited,
17 The Broadway, Old Hatfield, Herts, AL9 5HZ.
Telephone: Hatfield (07072) 64311.

EXECUTIVE SELECTION ASSOCIATES

ACCOUNTING IN THE CITY

Management Consultant, Banking to £35,000+car
Strengthen your skills within a leading international accountancy firm. As a graduate accountant, (27-33), you will be a good communicator, with experience of providing profit analyses and management information within the securities and investment banking sector. Ref: SW1963

Financial Accountant £30,000 package
An outstanding opportunity has arisen for a qualified accountant, (26-30), from a financial service background, to play a key part in developing financial controls for a large international bank. This is a high profile role offering rapid career progression. Ref: PW0378

Bank Administration c£30,000+ bank benefits+car
Be at the heart of a major merchant bank. Contribute to the systems development of a centralised operational department. You should be a technically strong systems accountant (about 30) with broad banking experience. Consultancy experience would also be valuable. Ref: RS0383

Systems Accountant c£25,000+mortgage
A market leader within the insurance sector offers an unusually challenging role and broad range of experience to young graduate accountants (25-30). Candidates will be qualified with proven experience of system development and an insurance/reinsurance background. Ref: NP0382

Please contact Sarah Wainman, on 01-256 5041 (out of hours: 01-981 5983)

Management Personnel
Recruitment Selection & Search
10 Finsbury Square, LONDON EC2A 1AD.

The Wellcome Trust
Financial Controller

The Wellcome Trust is the largest private grant giving foundation in the country. Its income is used to support research in human and animal medicine and the history of medicine.

We are seeking a Financial Controller, who will report to the Trust's Deputy Director, who will be involved in all financial and accounting matters *including investment management* and monitoring.

Candidates must be qualified accountants, have experience in investment monitoring/management, the ability to lead the work of a small team and be able to contribute on a broad front.

Salary will be by negotiation and other employment conditions are first class.

Application forms, and further details about the Trust and the position are available by writing to: Miss J A L Reynolds, The Wellcome Trust, 1 Park Square West, London NW1 4LJ.

IPS

BERMUDA

ACAs

Salary c. $33,000 Tax Free

Several international clients urgently require ACAs for their operations on the beautiful island of Bermuda

Age group 24-32 years

Call: Sharon Brown LLB MECI

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62-64 Moorgate London EC2R 6EL
Tel: 01-920 9512

IPS GROUP INTERNATIONAL PERSONNEL SELECTION

Profile Management Search

FINANCIAL DIRECTOR

SURREY c. £35,000 + CAR

A growing, and highly profitable, commercial property development company, part of a large Plc Group, requires a Director to control the accounting function and manage the funding operations.

Candidates should be qualified accountants, *aged 35-45,* and will have a strong management accounting, as well as financial accounting, background. Experience or modern property development funding operations and negotiations would be a valuable advantage.

This is a career opportunity in an exciting environment with a young team. Excellent remuneration package is negotiable.

Please *write,* in confidence, with *full* Curriculum Vitae and present salary, to:—

W. G. Fearnley-Whittingstall
PROFILE MANAGEMENT SEARCH
Tabard Chambers, 53 Northgate Street,
Gloucester GL1 2AJ

Accountancy Appointments

Accountancy Appointments

FINANCIAL CONTROLLER

London — c.£27,000 + car

A young and dynamic graphic design and promotions company with an impressive client portfolio is seeking a Financial Controller. The company is expanding steadily and is continuously reviewing its future capital requirements.

The successful candidate will be responsible for all aspects of the company's financial and administrative affairs, including day-to-day accounting, the enhancement of financial controls and computer based financial systems, as well as working closely with the company's directors on commercial and strategic matters.

Candidates, preferably graduate chartered accountants, must have wide commercial experience ideally gained within an entrepreneurially run market-orientated company. Previous exposure to project/fee billing finance in service, advertising or PR companies, would be invaluable.

In addition to strong technical skills, the successful candidate will have a strong, outgoing personality, a quick and perceptive mind and be able to employ a shirt-sleeves approach. A sense of humour would be a definite advantage.

Working closely with the directors in a fast moving, informal environment, this appointment holds considerable potential including the opportunity to contribute fully to the development of the business.

Please write in confidence enclosing career details and quoting reference 6467/L to Anne Routledge, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

BLACK & DECKER

AN OPPORTUNITY TO MOVE INTO FINANCIAL PLANNING AND CONTROL WITHIN A MAJOR U.S. MULTINATIONAL

ACA/ACMA LATE 20's

West London — to £23,000 + car

Black & Decker is a leading FMCG group with worldwide interests. An unusual opportunity has arisen offering management status within their Financial Planning Department.

The position carries responsibility for the planning and control of the Company's profitability and Balance Sheet through the review of the UK operating division. Particular emphasis is placed on overhead performance against plans, budgets and estimates.

The successful candidate will also act as the principal finance contact with manufacturing and distribution operations.

Candidates should be assertive, highly motivated graduate Accountants. ACA's who are currently working in a top professional firm would be of particular interest.

This is an outstanding opportunity to move into a competitive and dynamic organisation. Prospects for advancement into general management areas, including marketing, are excellent.

Interested applicants should telephone David Ryves on 01-930 7850, or write giving brief details to the address below:

ROBERT · WALTERS · ASSOCIATES
RECRUITMENT CONSULTANTS
66-68 Haymarket London SW1Y 4RF Telephone: 01-930 7850

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For further information call:
Jane Liversidge 01-248 5205
Daniel Berry 01-248 4782
Emma Cox 01-236 3769

Appointments Wanted

SITUATIONS WANTED

Chartered Secretary, 53, 30 years as Company Secretary/Accountant seeks permanent/part-time position. *Write Box A0421, Financial Times 10 Cannon Street, London EC4P 4BY*

Financial Controller

East Anglia — c£23,000 + Car + Bonus

Our client is a subsidiary of a major $1 Billion + US multinational specialising in the manufacture of engineering components.

Recent reorganisation has now created the opportunity for an experienced accountant to join the management team *as Financial Controller of a large operating unit based in* East Anglia.

This key role will have responsibility for:

★ preparation of financial and management reports
★ business planning, budgeting and forecasting
★ asset management and control
★ further development of financial systems
★ provision of financial advice
★ active participation in the management of the business

Applicants should be qualified accountants, aged 30 plus, and should be able to demonstrate a successful track record at a senior management level within a *manufacturing environment.*

A positive and intelligent approach to problem solving and strong commercial skills are the key personal characteristics required.

Interested applicants should write to Peter Ward ACMA enclosing a CV quoting ref: HCN 1002 at 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

CJA
RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

This VP level position provides scope to advance to Audit Manager appointment within 12-18 months. Up to 20% travel to Asia, Europe and USA should be expected.

CJRA

SENIOR INTERNATIONAL AUDITOR MERCHANT/INVESTMENT BANKING

CITY — £25,000–£32,000 + CAR

MAJOR INTERNATIONAL MERCHANT BANK

We invite applications from accounting or finance professionals (CA, ACA preferred) aged late 20's/early 30's, who must have had at least 3 years' experience either working in a merchant/investment bank or within the profession auditing similar financial institutions. Knowledge of the latest merchant banking products is essential and EDP audit/supervisory experience is important. The selected candidate, who will report to the International Audit Manager, will be responsible, as a senior member of the international auditing team, for challenging and varied audit assignments. Particular emphasis will be placed on the ability to establish audit programmes of new merchant banking products and to assess the risks of these products to the bank. The Senior Auditor will also develop appropriate 'in house' training programmes for capital market products in conjunction with the training division of the audit department in the US. Essential qualities are strong analytical, interpersonal and communication skills, well developed management attributes plus the ability to produce timely results. Initial base salary negotiable £25,000-£32,600 plus company car and full range of generous banking benefits. Ref SIA18806/FT. Applications in strict confidence under the appropriate reference will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA

This same client also seeks a similarly qualified Japanese speaking professional to work in their Tokyo audit office. Salary and benefits will be highly competitive within the Tokyo market. Ref: AJ18806/FT.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LTD., 35 NEW BROAD STREET, LONDON EC2M 1NH.

Group Accountant

Central London — up to c.£22,000 p.a.

Our client is a leading name in a rapidly growing area of hi-tech consumer orientated goods and services which has witnessed a boom in the last 18 months. Currently operating at a turnover in excess of £100m the company has the support of a substantial household name behind it, but is achieving a reputable status of its own within a very commercial market.

Its Finance function seeks to achieve a high standard of technical and management reporting to support these growing activities. As a result of recent promotion, the client is now looking to recruit a high calibre Accountant to perform the following functions:

— Consolidating all divisional finance reports.
— Developing internal controls, standards and systems for the Centre and Divisions.
— Ensuring that all information submitted complies with reporting standards.
— Objectively appraising operational performance and plans.
— Coordinating the preparation and consolidation of divisional budgets, plans and forecasts.
— Acting as liaison accountant with Finance function of wider Group.

Candidates should be qualified accountants, with some post-qualification commercial experience and be able to provide evidence of an ability to work under pressure and tight deadlines. In addition strong financial and general accounting skills are essential.

The Client's continuing growth coupled with its Management Development programme provides good promotional prospects.

If you feel that you are suitable and interested in the above role please contact Karen Wilson BA, ACMA on 01-439 6911 or write to her enclosing a CV and a note of current salary at: Financial Management Selection Limited, 21 Cork Street, London W1X 1HB.

Financial Management Selection
Specialist Search and Selection Consultants

Group Finance Director

Central London — c£35,000 + CAR AND BENEFITS

Our client's business is Communications – they are one of the largest multi-national groups in the world, with offices throughout Europe, North America, the Far East and Australia.

The UK group has a turnover well in excess of £55 million and covers Advertising, Direct Marketing and associated business.

The person we are seeking will be able to control the total Financial function of the UK Group and advise on and implement *plans for its future development.*

We envisage you will be aged around 35-40, be a qualified accountant and have the personality and commitment to work with a young aggressive management team.

The key qualities sought are first class accounting skills, excellent communication abilities and the experience of dealing with entrepreneurial management.

We would prefer someone who has experience from within a service-related industry and is familiar with a fast moving, often pressurised environment.

In addition to negotiable salary of around £35,000 plus *company car*, a *highly attractive* range of benefits is offered.

Please write enclosing your career history to date to: Mr J Barnes, at the address below.

RES
Recruitment Enhancement Services
62/64 Baker Street, London W1M 2EJ

FINANCIAL DIRECTOR

Cambridgeshire/Bedfordshire — Neg c £25K + Car + *share option idc*

Our client, a **wellbacked 'start-up' 1.5 years ago,** has now successfully reached the **next important stage of its development,** and is poised for an **exciting period of expansion.**

Now sought to join a small management team is (ideally) a degree level **'industrialised CA'**, aged 30-40, whose experience to date **must include:**

- **'Top level' financial control and management**
- **'Shopfloor' management accounting**
- **Manufactured capital goods environment**
- **Integrated DP monitoring and reporting systems**

For an appointee who can additionally bring personal qualities of **resilience** and **flexibility** to a small but rapidly growing company environment, a commitment to **full financial and managerial involvement** is promised.

Candidates, male and female, please write to David T Bentley, Manager, Human Resources Division, 3i Consultants Ltd, 8 High Street, Windsor, Berks SL4 1LD, or telephone Windsor (0753) 867175 (24 hour service) for further details and an application form quoting ref DB/648.

3i Consultants Ltd
Human Resources Division

Group Financial Director

East Midlands — c.£24,000 + car + bonus

Our client is a private, family-owned organisation with a number of profitable operating companies involved in house building, construction, joinery, plumbing and heating, and house letting, *with a combined turnover of some £10 million.*

The Group wishes to appoint a senior, commercially-minded, qualified accountant to take the lead in the strategic financial planning and management of the Group's future activities.

The successful applicant should be between 28-40, have at least five years commercial experience, preferably in the construction or property development related environment. Experience of controlling accounting and computing activities is a prerequisite.

In the first instance please write quoting reference 9690 and submitting a curriculum vitae, including current salary details, to:

**Peter Childs,
Pannell Kerr Forster Associates,
New Garden House,
78 Hatton Garden,
London EC1N 8JA.**

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

Newly Qualified Accountancy Appointments

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent PII examinations. We propose to publish the list in *our issue of Thursday, March 5,* which will also contain several pages of advertisements under the heading "Newly Qualified Accountancy Appointments." The advertising rate will be £43.00 per single column centimetre. Special positions are available by arrangement *at premium rates of £52.00 per single* column centimetre.

Guide to Recruitment Consultants

and entries in the Guide will be charged at £65.00 which will include *company name, address and telephone* number.

For further details, please telephone:
Louise Hunter on 01-248 4864
Jane Liversidge on 01-248 5205
Daniel Berry on 01-248 4782
Emma Cox on 01-236 3769

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER
LONDON · FRANKFURT · NEW YORK

Accountancy Appointments

Management Accountant

West End

attractive salary + car

This client is the oil exploration and production division of a major International group with diverse interests. There is now an immediate requirement for a qualified accountant to join their small but professional team.

The role will encompass planning, systems improvement, taxation matters, financial and management accounts. Liaison with overseas subsidiaries will necessitate occasional travel to North America.

Candidates should be qualified accountants, age indicator 26–30, who feel that they could make an immediate contribution in a demanding environment and who could progress within the organisation. A highly competitive remmneration package will include a fully expensed car.

Interested candidates should send a résumé quoting ref: 119 or telephone
Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE.
01-839 4572.

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

INTERNATIONAL CONSULTANCY IN FINANCE

London base

How much could you contribute to our progress?

In today's Cable and Wireless you'll find Group companies at work in more than 49 countries, providing expert, creative solutions to the most complex telecommunications demands.

It is an approach that has earned us a powerful position in world markets as one of the largest, most innovative organisations in this fast-developing field of high technology.

And it's an approach that now requires the creation, in the London based Finance Department, of a strong team with financial expertise. This will be a central task-force of consultants, on call to assist each operating company in our worldwide network, to continue managing existing business, to meet changing demands and tackle new market opportunities.

For the dynamic and ambitious qualified Accountant, preferably aged 28-35, the brief means being prepared for assignment on a range of projects as broad in diversity as in geography. You should be prepared to spend a significant part of your time at operating companies in the UK and overseas. You must be capable of working on your own and as a member of a team. It is essential that you have the ability to contribute a mature and original approach to assignments which may have a fundamental impact on the future performance of this International Group. Success here could lead to a number of management opportunities at almost any location at which the Group is represented.

Are you confident you could make a real contribution in this environment? Have you had a number of years' post-qualification experience either in a large professional firm or in a progressive commercial company? Have you designed and implemented computerised financial systems?

The salary will be individually tailored to attract the best and benefits will include car, BUPA and relocation expenses where appropriate.

Please reply, enclosing full career details, to: Michael Hann, Bull Thompson and Associates Limited, Corporate and Recruitment Consultants, 63 St. Martin's Lane, London WC2N 4JX, quoting reference 1216.

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Assistant to Chief Executive

UK HOLDINGS COMPANY

London **Package £25,000**

Assume a defined role supporting the Chief Executive of a leading plc engaged in property development and service industries, already a top performer in niche markets ● Undertake original marketing and business research ● Carry out financial appraisals and capital evaluations ● Argue your input to the Business Plan.

Our Client: Well-established Group with multi-million turnover ● acclaimed builder of luxury homes ● top distributor of prestigious cars ● developer of high quality commercial property including an imaginative Enterprise Zone developments.

Your Opportunity: Inject your original thought and business experience into the Chairman's strategic and tactical planning. Learn the business and create your own executive appointment in the medium term.

Our Ideal Candidate: Graduate or qualified professional ● 3+ years experience in financial services, property or the commercial sector ● financially literate ● energetic, creative thinker ● preferred age 24-33 years.

Remuneration Package: An excellent basic salary + bonus + suitable executive car + generous fringe benefits.

ACT NOW. In complete confidence, telephone or write to the company's established adviser, John G. W. Gelling MA, MBA (Director) on 01-388 2051 (24 hour answerphone 01-388 2055). Your identity will not be disclosed to any third party without written consent.

MERTON ASSOCIATES (CONSULTANTS) LIMITED.
Merton House, 70 Grafton Way, London W1P 5LE

WILLMOTTS

CHARTERED SURVEYORS

FINANCIAL CONTROLLER

Age: 26-35 Circa. £17,500 + Car

We seek a qualified Accountant with experience in the administration of Company Accounts. The successful applicant will have a Department of three and will be primarily responsible to the Finance Director for the production and control of monthly Management Reports.

We possess an IBM System 36 and, therefore, a knowledge of computers would be an advantage.

This is a career opportunity with the anticipation of taking up the post of Company Secretary with Board representation.

We are a Group of seven Companies servicing the Property Industry with plans for growth in this exciting sector of the market.

Apply in writing:
Michael P Collins BSc, FRICS
63/65 Goldhawk Road, London W12 8EH

ACCOUNTANT ADMINISTRATOR

WEST END **c. £18,000 p.a.**

Our client, a small but expanding international oil and gas service company, seeks a qualified accountant to take charge of the financial and accounting aspects of the company.

The person will be responsible for producing and monitoring budgets, cash flow forecasts, management and financial accounts and in addition would assume responsibility for all Company Secretarial and related matters.

Applicants must have a good knowledge of personal computers and be qualified, with at least 3 years' commercial experience, preferably with a petroleum service company.

Please write in confidence, with full career details, to:—
G. P. Smith,
FINNIE & CO.,
Chartered Accountants,
Kreston House, 8 Gate Street, London WC2A 3HJ.

LONDON-BASED SHIPPING COMPANY
urgently requires an

ACCOUNTANT OFFICE MANAGER

for complete accounting function and office administration. Salary negotiable.

Applicants in writing by Friday February 27 1987 to

Mr B. Downes, Director
ANL MARITIME SERVICES LTD
No 1 Seething Lane
London EC3N 4AX

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inmac

UK FINANCIAL CONTROLLER

Bracknell **Package to £30,000 + car**

Our client is the world's leading direct marketer of computer supplies, accessories, furniture and data communications products, with operations in the USA, UK, France, West Germany, Sweden and the Netherlands. Inmac (UK) Ltd commenced operations in 1980 and its sales are now well in excess of £20 million, contributing more than 20% of world-wide turnover.

Continuing business success has led to the promotion of the U.K. Financial Controller into general management and the need to seek his successor. Reporting to the U.K. General Manager, the role is that of a business manager responsible for all the financial aspects of the company's operations and provides a key interface with branch, European and corporate centres.

Candidates should be CAs, offering both experience with a major international professional firm and at least 5 years in leading commercial companies embracing substantial managerial and financial responsibilities. They should be commercially orientated team players. Exposure to US business management practices through working in a European subsidiary and possession of fluency in another European language would also be very attractive attributes.

Please write, in confidence, quoting reference I3301/L to Mike Blanckenhagen, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

CHALLENGING ASSIGNMENTS

ACAs/Finalists **neg. to £20,000 + Car**

Based in LONDON, our client is one of the leading BRITISH BREWERS with increasing overseas interests in both the UNITED STATES and EUROPE.

Arguably, it is the fastest growing company of its kind with a 50% increase in TURNOVER and 62% increase in PROFITS in the past three years.

For this reason, CAREER PROGRESSION for the two young ACA/ACCA/ACMAs or EXCEPTIONAL FINALISTS we seek, is POTENTIALLY EXCITING and long-term prospects for above-average performers are SUPERB.

The company's major interests include TAVERNS, OFF-LICENCES, a major RESTAURANT CHAIN, FAST-FOOD CHAIN, DISCOTHEQUES and five COUNTRY CLUBS each with its own GOLF COURSE.

There is a 20% travel content from a LONDON base and a full RELOCATION package is available where relevant.

Please telephone and send your c.v. to:
George D. Maxwell, Managing Director
ACCOUNTANCY APPOINTMENTS EUROPE
1-3 Mortimer Street, London W1
Tel: 01-580 7739/7695 (direct)
01-637 5277 ext. 281/282

Accountancy Appointments Europe

Executive Manager

Qatar

Neg. Salary + Good Benefits

This is an exciting opportunity for a person with wide experience of Financial Investment Houses, Banks or Finance Companies to join a Qatari company in the capacity of Executive Manager.

With direct responsibility to the Main Board you will advise on new investments, monitor existing investments, and generally head up the company operations.

A Degree or equivalent Banking qualification is required together with a minimum of 7 years experience in a financial/investment advisory role. You should be bi-lingual in Arabic/English.

In return the company offer a good negotiable salary and family benefits. The contract will be for two years initially but with good prospects for long-term employment.

Please contact Tony Smith who is advising on this appointment, ITRL, 24 Buckingham Gate, London SW1E 6LB — 01-630 6948 fax 01-828 6237.

A Member of the LINK Recruitment Group Ltd

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, BRISTOL, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Group Finance Controller

Central London Base, c £35,000, Car, Excellent Benefits

Entrepreneurial drive and quality management have produced outstanding growth in this quoted property development company. Present portfolios exceed £200 million in industrial and commercial projects. This new position results from that growth, reports to the Finance Director and leads a team responsible for Group finance in all its aspects. Financial accounting is operating well, therefore initial tasks are to upgrade project and management information and develop further the methods and criteria for sourcing and placement of funds. Candidates aged mid thirties will be Chartered Accountants, academically well qualified and with an outstanding record in the profession and in industry or commerce. Essential qualities are drive, authority, personal skills and the ability to settle quickly as a senior manager in a team always intent on its next success. Career potential and rewards are based on performance.

To apply ask for an application form or send C.V.
I.L. Duff, **Hoggett Bowers plc**, *1/2 Hanover Street*, **LONDON**, *W1R 9WB*, **01-734 6852.** *Ref: 18145/FT*

Group Comptroller

London, Up To £35,000, Car

A chance to take a leading, highly visible role in a major food manufacturing and distribution plc, arising from recent and planned extensive expansion and development. The group has an annual turnover of more than £450 million. It is a diversified business with many products that are household names selling in high street stores. As Group Comptroller you will be a strong influencing force, working with senior group executives throughout the organisation, looking at reporting procedures, acquisition and investment appraisal, treasury management and other key functions. You will report directly to the Group Financial Director and be supported by a small Head Office staff. Candidates, aged 35–40, preferably Chartered Accountants, must have several years of post-qualifying experience in industry covering line accounting and a headquarters role. First class financial skills and developed commercial awareness are necessary personal pre-requisites.

G. Sable, **Hoggett Bowers plc**, *St. John's Court, 78 Gartside Street*, **MANCHESTER, M3 3EL, 061-832 3500.** *Ref: 29698/FT*

Corporate Development Executive

FMCG Acquisitions UK & Europe
Thames Valley, To £25K, Quality Car, Benefits

This highly successful progressive company, part of an American FMCG multinational, has immediate expansion plans for growth by acqusition in both the UK and Europe. This has created an excellent opportunity for a high potential individual. Key tasks will be the identification and evaluation of acquisition targets and the preparation of plans, valuations and board proposals. Candidates, aged 26–33 should be graduates with an accountancy qualification or MBA. They must have broadly based accounting knowledge plus specific experience in business analysis and financial planning. Computer-modelling skills and a knowledge of French/German would be advantageous. This position offers a challenging opportunity with excellent career prospects for motivated candidates with the determination to succeed.

M. Gould, **Hoggett Bowers plc**, *1/2 Hanover Street*, **LONDON**, *W1R 9WB*, **01-734 6852.** *Ref: 21088/FT*

Young Chartered Accountants

Major plc – International Headquarters Role
West London, c £20,000

In this large significantly profitable multinational organisation, continuing organic and acquisitive growth demands dynamic financial control of the Group's diverse and widespread operating companies. In this context these are two key roles for technically able and ambitious ACA's requiring a high level of individual initiative and offering significant scope, freedom and accountability. Key areas range from all aspects of group accounting to senior level financial management issues utilising the most sophisticated management information systems. This will involve extensive liaison with Main Board, divisional and operating company management requiring the flexibility to operate at both 'hands on' and strategic levels. Experience either with a major professional firm working with international plc clients or in a financial role in a multinational plc headquarters would be the ideal background. Opportunities for career progression are excellent, the environment is demanding, fast moving and highly professional and international travel is an integral part of the role. Age envisaged is mid-twenties.

G.T. Walker, **Hoggett Bowers plc**, *1/2 Hanover Street*, **LONDON**, *W1R 9WB*, **01-734 6852.** *Ref: N11010/FT*

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

Appointments Advertising

£43 per single column centimetre
Premium positions will be charged £52 per single column centimetre
For further information call:
Jane Liversidge 01-248 5205
Daniel Berry 01-248 4782
Emma Cox 01-236 3769

Accountancy Appointments

Financial Manager

Stockbrokers

£30,000 + Car and Bonus

Our client is a well established City stockbroking company operating in the UK and to a major extent in international markets, with the backing of two well known banks.

They wish to recruit a qualified accountant for a role which encompasses not only normal accounting responsibilities and financial control but involvement in a variety of project and development work across the company. This is an unusually good opportunity for someone who is prepared to develop their skills within the specialist environment of the new financial markets.

Candidates should be commercially-minded accountants who can demonstrate a hard headed approach to business. They will have a proven track record and should welcome a demanding and challenging role. They will be able to identify and tackle problems and priorities successfully and have the personal credibility to command the respect of the directors. For the right candidates the prospects are exceptionally good and could, in time, lead to a Board appointment.

Please write in confidence to Jane Woodward (ref: 6991)

KMG Thomson McLintock

Management Consultants
70 Finsbury Pavement London EC2A 1SX.

Raychem Accounting Manager

Leuven (20 miles from Brussels) — **Excellent salary package**

RAYCHEM is a US owned material science multinational, developing and supplying high performance products to new technology industries. Their site in Belgium, locating two international divisions with manufacturing, research, marketing and distribution activities, is employing over 900 people.

They are now looking for a high calibre Accounting Manager, within the finance department, who will directly report to the financial controller. This key position includes the following responsibilities:

* Supervision of the General and Cost Accounting department, employing twelve qualified staff;
* Responsible for management and US reporting;
* Interpretation of results, financial analyses and commentary;
* Coordination of the closings;
* Implementation and development of systems.

Candidates should be aged 27 to 32, qualified chartered accountants with two to three years' post qualification experience, either in the profession or in industry. They should possess excellent communication and business skills and have had exposure to computerised accounting systems. An attractive salary package will be offered to the successful candidate and career opportunities are excellent in this international and innovative company.

Candidates interested in an initial meeting in London should contact either Frank Van de Voorde in Brussels on 010 322 648 13 84 or James Forte in London on 01-831 0431, or send their curriculum vitae to Michael Page International, Avenue Louise 350, Box 3, 1050 Brussels, Belgium.

MP Michael Page International
Specialists in Finance Recruitment
London Brussels New York Paris Sydney

Financial Controller

Top job with an expanding food processor

to £27,000 + car — **North West**

This thriving company, a £ multi-million subsidiary of a large international group, manufactures and sells its extensive high volume, high value food product range to major retailers and caterers nationwide. The record of growth is impressive and will be sustained through further investment and improved management control.

Reporting to the Managing Director, accountability will be for all financial and management accounting in the UK including Company Secretariat, Pensions and Personnel responsibilities. With a compact team in support, a key objective will be the progressive enhancement of the computerised financial and factory accounting systems. Naturally, involvement in the management of the business will be total.

Probably in their late 30's early 40's candidates will be professionally qualified senior financial managers from food, drink, pharmaceutical or other relevant high speed manufacturing industry where exacting management information and control systems are essential for commercial success.

Remuneration for discussion to £27,000. Car and usual big company benefits include cost of relocation to a pleasant part of the North West.

Please write – in confidence – with full career details to Roy Hammond, ref. B13003.

MSL International (UK) Ltd,
Sovereign House, 12-18 Queen Street, Manchester M2 5HS.
Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International
Executive Search and Selection

AUDITING FOR PROFIT!

Rochdale, Lancs — **c£21,000 + Car**

We believe that we are the best retailer in our sector of the industry, but but we aware that it takes more than excellent stores, good trading practice and first class merchandise to run a truly successful retail enterprise.
We must also ensure that each function within the business provides us with optimum cost control and profit opportunity. In recognition of this need we have created an exciting new role which reflects a new primary objective of Internal Audit within Woolworths – that of profit enhancement.

As Operations Auditor you will achieve this objective by:-

* evaluating the effectiveness, efficiency and contribution of all the Company's operations.
* evaluating the validity of business policies.
* critically appraising current systems.
* providing practical cost effective solutions to business problems.

A qualified accountant, you will have a minimum of 5 years post qualification experience, at least two of which will have been spent in a line management position. You will also have significant knowledge of Mainframe and Micro Computer operations and retail experience would be a distinct advantage.
You will have excellent written and oral communication skills enabling you to produce coherent, constructive reports and proposals. You will also need the strength of character and diplomacy necessary to persuade senior management to question current operating procedures and accept practical proposals for new, cost effective policies.
Rewards include a salary of c£21,000, company car, a generous benefits package and relocation expenses where appropriate. Opportunities for career progression with the Company are excellent.
If you are a logical thinker with the ability to provide creative, profitable solutions *to business problems, write now with full c.v. to:-*

Karen Moir,
Personnel Officer,
Woolworths plc.,
Royle Barn Road, Castleton,
Rochdale, Lancs OL11 3DU.

WOOLWORTHS
People serving people

Our Commercial Objectives call for first-class Financial Service

Management Accountants (2)

Salary range £17,840-£19,893

Among the UK water authorities, Thames Water has taken a *pro-active commercial approach* and has *moved into* new growth businesses.

So that we can continue with this positive approach we are looking for two qualified accountants with substantial commercial experience, a pro-active style and good communication skills.

The emphasis is on contributing to the growth in profits and the provision of a first class financial service to support the head of two of our businesses. You must be able to demonstrate experience of working to tight deadlines in the preparation of management reports, budget appraisals (capital, project, and pricing studies) and business plans.

The position reports to the Financial Controller Enterprise Businesses and you will assist him in contributing to the growth of the businesses through internal expansion and acquisition.

The posts are based in Reading, Benefits include, a pension scheme with interchange facilities and help with relocation expenses where necessary.

Application form and further details can be obtained from the Personnel Director, Room 312 Thames Water, King's Meadow House, c/o Nugent House, Vastern Road, Reading, Berks RG1 8DB, or by ringing Sue Caslaw on 0734 593815. Please quote ref: MA. Closing date 6th March 1987.

Thames Water
RUNNING WATER FOR YOU

Financial Controller

Surrey — **£25,000 + car**

Our client is the UK subsidiary of an international plc. It is the market leader, with annual turnover in excess of £150 million, in its highly competitive and fast moving sector of the service industry.

Reporting to the Finance Director you will be responsible for all aspects of financial planning and control. An early priority will be to upgrade computer based management information and reporting procedures. Working closely with the young senior management team, you will be involved in a variety of 'ad hoc' projects as the business grows.

Probably in your late 20s or early 30s, you will be a qualified accountant with a strong track record either in the profession or in commerce. This is a new appointment and the opportunities both within the company and elsewhere within the group are good.

Please write in confidence to John Cameron, quoting reference C763, at 84/86 Grays Inn Road, London WC1X 8AE (telephone 01-404 5971).

CAMERON · SIMPSON
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Financial Director Designate

East Lancs. — **Salary neg. c£25K + Car + Benefits**

Our client is a well established, privately owned, British High Technology Food Manufacturer, which has enjoyed consistent growth in a specialist sector of the market place. They have now identified the need for a Financial Director with strong entrepreneurial, *financial and business skills to assist in the next stage of the Company's* progress.

Reporting directly to the Managing Director you will be responsible for management and statutory accounting and financial planning. Experience of up to date methods of Stock, Production and Treasury Controls are considered useful attributes as is computer literacy.

Candidates, aged 30-35, should ideally be graduate Chartered Accountants with an authoritative, innovative and intelligent approach and who possess in-depth financial experience gained in a fast moving environment where working under pressure is normal.

Interested candidates who match these searching requirements, should send a detailed CV, including current salary, to Don Day FCA quoting reference LM61 at Spicer and Pegler Associates, Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.

Spicer and Pegler Associates
Management Services

INTERNAL AUDIT

c £17,000 — 25,000 + car

Are you a recently qualified Accountant/or possess Internal Audit experience/or have Computer Audit experience with data-base systems? If so, we have a variety of excellent positions available in National and International companies based in London and the Home Counties.

Please telephone
Alan Jacobs on 01-583 1661
or send c.v. in confidence to:

ASB RECRUITMENT
50 Fleet Street, London EC4Y 1BE

UNIT TRUST ACCOUNTANT

CITY — **c. £20,000 pa + benefits**

National Provident Institution, a substantial life assurance and pensions office has established an excellent reputation and seeks an able young accountant to control *the accounting and administrative aspects of its rapidly expanding unit trust* management company.

Responsibilities include the maintenance of accounting and unit records, the preparation of statutory accounts and reports to unit holders and the calculation of daily unit prices.

The company is currently in the process of developing new computerised administrative and accounting systems and it is anticipated that this individual will adopt a major role in their implementation.

The successful applicant will be a qualified accountant with previous experience in a unit trust environment, preferably using modern computerised systems for transaction processing and the provision of management information.

The post offers in addition to the remuneration quoted a generous range of benefits normally associated with a financial services company.

Please apply in writing enclosing a full written cv to:- Mrs Tess Dilleen, Assistant Personnel Manager, National Provident Institution, 48 Gracechurch Street, London EC3V 0BB

NPI

CONSULTANT

Career Counselling and Recruitment

LONDON — **To £25,000**

Chartac Recruitment is a small professional team responsible for the career counselling and recruitment of Institute members. A further Consultant is now needed to contribute to the enthusiastic development plans we have for this unique service.

The Consultant's role involves advising young members on career plans, counselling and assisting experienced members with job moves or with employment difficulties, and assisting client companies in recruiting Chartered Accountants. An important feature will be the development of commercial and industrial placement work.

Candidates must demonstrate experience in senior accountancy recruitment or personnel work and, if not a Chartered Accountant, a thorough understanding of their employment role is essential.

To find out more about this rewarding position contact, in confidence, John N Seear FCA on 01-628 7060 or at home on 0234 720409, or write with a full C.V.

Chartac Recruitment Services
Institute of Chartered Accountants in England and Wales,
PO Box 433, Moorgate Place, London EC2P 2BJ.
Tel: 01-628 7060

CHARTAC

INTERNATIONAL FUND MANAGEMENT

PARIS

We are a small team of English-speaking investment advisers operating in Paris. We need a young motivated, highly numerate qualified chartered or certified accountant to run our portfolio valuation and administration systems. The ideal candidate is probably newly qualified or with one or two years' post-qualification experience. The job will entail the development of our systems software working in close conjunction with our in-house programmer. The right applicant will be able to work on his own, enjoy responsibility, and will be offered the opportunity of directing the development of a fast growing, exciting off-shore organisation.
Some knowledge of French is desirable but not essential. Salary from FFr 165,000 dependent upon the calibre of the candidate.

Send full career details to:
Paul Smith, Michael Rule S.A.
29 rue la Boetie, 75008 Paris, France
or
Telephone 010-33-1-42-66-06-40
for further details

CHIEF ACCOUNTANT

Exciting opportunity to join management team of growing Record Company.

Candidate must be experienced accountant familiar with computerised systems and have good communications skills.

Salary to c. £14,000.

Send cv to:
ROUGH TRADE RECORDS LTD
61 Collier Street, London N1 9BE

Accountancy Appointments

THE BURTON GROUP PLC

...Pre-tax profit up 85% to a record £148.7 million...Group sales up 123% to £1.2 billion...Earnings per share up 22% to 17.8p...

CORPORATE FINANCE

c.£25,000 package + car

For the sixth successive year the Burton Group has produced record results. With the acquisition of Debenhams, the Group has set itself a clear objective to become Britain's pre-eminent speciality retailer. Established businesses comprise such well known high street names as Burton Retail, Top Shop, Top Man, Dorothy Perkins and Evans whilst new ventures include Principles and Champion Sport.

The Corporate Finance function, based in Central London, provides comprehensive financial advice and support in all aspects of the Group's operations. Joining a small, highly professional team, this is an exceptional opportunity to make a real contribution to the continued success of the Group. Assisting with various corporate finance activities this key appointment will focus upon operational control, providing an independent review of divisional performance. Responsibilities will encompass business analysis, acquisition reviews, marketing strategies and forward planning.

You can expect the position to be demanding, requiring developed analytical ability, excellent communication skills and total commitment. Aged mid-late 20's, you should possess a professional accountancy qualification, commercial flair and the ability to influence senior management. Career prospects are excellent.

Please apply directly to Jeff Grout at Robert Half Personnel.

ROMAN HOUSE, WOOD STREET, LONDON EC2Y 5BA. 01-638 5191

RH

ROBERT HALF

FINANCIAL RECRUITMENT SPECIALISTS

LONDON BIRMINGHAM WINDSOR MANCHESTER NEW YORK & 85 OTHER CITIES WORLDWIDE

Group Finance Director for plc

North West — **c£40k + Quality Car + executive benefits incl. relocation**

A strategic business role for an outstanding Accountant

Our client, a progressive plc with a turnover in excess of £80m now seeks a Group Finance Director to ensure the highest level of performance within the finance function and to take a strategic role in helping to plan the Group's overall business expansion and development. Reporting to the Chief Executive the successful candidate will be responsible for a wide range of key business activities including:

- **Financial evaluation of acquisition prospects and major capital projects.**
- **Treasury management including review of alternative and additional sources of finance.**
- **Reviewing accounting systems and financial performance throughout the Group.**
- **Co-ordinating Group management information systems and computer strategy.**

The successful candidate will almost certainly be a Chartered Accountant aged 35–45 with an exceptional career profile which must include experience in the above areas, and in the financial reporting requirements of a plc.

Additional experience of working in manufacturing businesses and of creating and implementing a wide range of integrated accounting systems will be useful.

To match the highest level of technical expertise outstanding personal qualities are also required including:

- **The perspective to take both an operational and a strategic view of the Group's activities.**
- **The flair to gather, advise and act on the implications of relevant financial information.**
- **The energy and personality to influence and motivate at all levels of the Group.**

Applicants should write with full personal and career details quoting reference PS/176 to Paul Bailey, Spicer and Pegler, Personnel Services, Derby House, 12 Booth Street, Manchester, M60 2ED.

INTERNATIONALLY SPICER AND OPPENHEIM

Spicer and Pegler
Personnel Services

Investment Banking

New Qual ACAs — **c£30K**

A major international investment banking group seeks young, qualified accountants to set up their new capital markets and securities support groups.

The individuals, preferably with banking experience, must be ambitious, have analytical enquiring minds and be able to liaise effectively with board members and trading staff.

The positions offer exciting opportunities to develop a career away from run of the mill financial accounting at a time of significant changes in London's financial markets.

Interested individuals should contact Suzie Mummé on 01-248-3653 or 0932-220151 (evenings/weekends), or write enclosing a CV.

All applications will be treated in the strictest confidence.

60, Cheapside, London EC2V 6AX

BBM ASSOCIATES

Telephone: 01-248 3653

CONSULTANTS IN RECRUITMENT

GENERAL APPOINTMENTS

Appear every WEDNESDAY

BLUE ARROW PLC

Recently Qualified Accountants

Corporate Strategy and Acquisitions

c£20,000, Car, Benefits

Our highly successful group has achieved remarkable growth to a current capitalisation of over £200m through the skilful acquisition and development of a range of businesses both in the U.K. and abroad.

To help us continue our expansion plans we wish to recruit additional bright, recently qualified accountants to join the front line of our acquisitions consultancy based in St. Albans and London.

Your role would be to play a key part in our continuing development by investigating potential acquisitions confidentially and producing reports for submission to the board. This requires the ability to establish confidence and credibility with external managements, a high level of self motivation and excellent communication and presentation skills.

If you are ambitious enough to progress your career in a group whose growth presents outstanding development opportunities then male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to *S.J.A. Nicholson*, Hoggett Bowers plc, *1/2 Hanover Street*, LONDON, *W1R 9WB*, 01-734 6852, quoting *Ref: 50001/FT.*

Hoggett Bowers
Executive Search and Selection Consultants

BIRMINGHAM, BRISTOL, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Production Accounting Manager

...continue the lead

c.£20,000 + car

With a multi-billion dollar turnover, we are world leaders in the buoyant and progressive field of healthcare with our European manufacturing operation centred at our 100 acre site in Queenborough, Kent.

As a result of recent internal promotion, we are now seeking a Production Accounting Manager, probably aged 28-34 to lead a small team of qualified and semi-qualified accountants.

Using computer-based management information systems, responsibilities will also include maintaining highly efficient inventory and production control measures. It is therefore essential that you *will have at least 3 years' standard costing and budgeting procedure experience, ideally gained in a high volume, multi-process production* environment.

For the ambitious looking to make a positive contribution, this is a challenging opportunity *with excellent prospects for career* progression.

We are offering a competitive starting salary c.£20,000 and a full benefits package which includes quality company car and relocation assistance where appropriate.

To apply, please call Euan Adamson, *Personnel Manager*, on Sheerness (0795) 663371 for an application form. Alternatively send *your full CV to him at* Abbott Laboratories Limited, Queenborough, *Kent ME11 5EL.*

ABBOTT THE LEADING HEALTHCARE COMPANY IN THE WORLD

The challenge of building and maintaining effective financial controls in a rapidly expanding and dynamic company.

FINANCIAL CONTROLLER

£16,500 + Car — **London**

Our client operates a successful and fast developing trading company supplying a range of imported products to a number of specialist markets. Their continuing profitable growth will be heavily dependent on the establishment of comprehensive financial control and reporting systems, and for that reason they now wish to appoint an energetic, effective and ambitious Financial Controller.

Candidates should have at least three years relevant commercial experience which will enable them to control a small department responsible for day to day accounting, cash and inventory management together with the implementation of sophisticated computer based control systems. A professional accounting qualification and/or knowledge of import procedures would be helpful.

This is a key position with future potential for a board appointment.

Applicants should write to or telephone, in complete confidence, Brian Kemp at Executive Network or weekends (4pm to 9pm) and evenings on 01-657 2734.

EXECUTIVE NETWORK
(CONSULTANTS) LIMITED
19, BEDFORD ROW, LONDON WC1R 4EB
01 831 8202/9458

GROUP MANAGEMENT ACCOUNTANT

c£20,000 + Car — **Hertfordshire**

Frogmore Estates plc is a major property development and investment group having been publicly quoted since 1971 and now having property assets approaching £120m and net assets of over £90m.

The Group has now embarked on a period of sustained expansion and wishes to recruit a qualified accountant to strengthen the management team.

Initially, the person will be required to take over the complete management accounting function, including some treasury work, and therefore needs to have good all-round experience of all aspects of financial management, including taxation.

Following the initial settling-in period, the person will then be expected to assume the role of deputy to the Company Secretary who controls all the Group's financial and administrative services.

The Group is based at Watton-at-Stone in Hertfordshire but some travelling to our office in the West End of London will be required.

FROGMORE ESTATES PLC

The Group is currently considering the introduction of a powerful integrated computer system and experience in this area could be of advantage.

The role envisaged is considered to be important, carries with it a high level of responsibility and offers excellent prospects and scope for the future to the right person. Thus, a salary of not less than £20,000 per annum plus a company car and other benefits is envisaged.

Please apply for an application form in writing to T.M. Birchmore, Company Secretary, Frogmore Estates plc, Frogmore Hall, Watton-at-Stone, Herts SG14 3RW or by ringing his secretary on Ware (0920) 830033.

Chief Financial Officer – Europe

Surrey — **£28,000+ Car + Benefits**

Our client is the European arm of a rapidly growing American computer services group. The services are provided to the major manufacturers and users of computers, networks and electronics throughout Western Europe.

The group's European HQ is located in Surrey. It now needs a Chief Financial Officer who will report to the European General Manager and take responsibility for all matters financial and administrative in the European operation.

The successful candidate will be aged early 30s upwards, well qualified, and familiar with European and American accounting requirements. Experience will have included continental procedures and methods, and some knowledge of the electronic/data processing industry would be helpful. Experience will certainly have included Accounts department control, consolidations, and the development of sensitive computerised management information and control systems into a practical aid to management decision making. Competence in at least one other European language would be helpful.

For a positive, outgoing, commercially aware enthusiast able to win the respect of a highly intelligent and motivated team, the prospects for growth are exciting. Other benefits will include non-contributory pension and private medical insurance. Assistance will be given with relocation expenses. Some overseas travel will be involved.

Letters of application, together with CV, salary progression and any other relevant data, should be sent without delay to Mr. C.A. Cotton, Stoy Hayward Associates, 8th Floor, Peter House, St. Peter's Square, Manchester, M1 5BH, quoting reference SH1 892.

SH **Stoy Hayward Associates**
MANAGEMENT CONSULTANTS
A member of Horwath & Horwath International

Head of Finance & Administration

London — **Neg to £25,000**

For a large and distinguished national youth charity. Responsibility is for managing the accounting and administration functions. You will also act as Secretary to the Council and its supporting committees. You must be extensively experienced in these areas and have a relevant professional qualification or its equivalent.

Please write to:
John Robins, Ref JR 622
COOPERS & LYBRAND
Executive Selection Limited
Shelley House
3 Noble Street
London EC2V 7DQ

Accountancy Appointments

FINANCIAL CONTROLLER AREA ACCOUNTANT

Excellent package **Based in the West Midlands**

Our client is one of the UK's leading food manufacturers, employing some 3000 people. The company operates in an exciting fast moving environment, achieving 30% growth last year. This naturally creates the need for ever changing controls and techniques. The company's philosophy of promotion by merit means that able people do not stagnate in their roles. However, due to this great expansion, two key members are required to join its finance team:

FINANCIAL CONTROLLER

aged 28 to 40 years **c.£25,000 or more**

Prime objectives are to plan the integrated production throughout a division to achieve efficient use of assets and manpower and thus maximise profits: to measure and present a record of production performance and financial costs/revenues against agreed targets; to enable managers to control and improve the business; to administer the smooth running of the division.

AREA ACCOUNTANT

aged 25 to 32 years **c.£17,000 or more**

Key objective is to provide a full accounting service for the Area Operational Management Team giving information, interpretation and recommendations to aid decision making and control.

Personal criteria

To qualify for the above you must possess the following:

- *first class financial skills*
- a track record in successfully managing high calibre personnel
- the drive and ability to reach a top management position within a short period of time
- the desire to stretch your capabilities and broaden your experience in a competitive and professional environment.

Please write in complete confidence to me, ***Joanna Man, Ely House, 37 Dover Street, London W1X 3RB. Telephone 01-409 1343 ext. 203.***

Head of Internal Audit
A pro-active role in major UK Group
London

One of the UK's most successful business groups and a leader in the international leisure industry, our client seeks to appoint a highly experienced professional as Head of Internal Audit.

The Audit Department, covering both Internal Audit and special projects, plays a pro-active role in the group, assisting management in commercial decision-making, while ensuring strong systems of financial and operational control are maintained.

As Head of Internal Audit, you will be responsible for the development and implementation of Audit policy working in close liaison with senior executives of the Group. You will lead special investigations and direct the work of the Department – training, developing and motivating a committed team of professionals, a number of whom are qualified accountants.

This is a high profile position where strength of character and personal initiative are essential qualities. Specifically, you will be a Chartered Accountant, between 30 and 35, and have experience at senior manager level with a major accounting firm, or an equivalent position in industry.

Proficiency in a European language would be a distinct advantage.

The salary and benefits package offered will reflect the seniority of the position.

Confidential Reply Service: Please write with full CV quoting reference 2075/CS on your envelope, listing separately any company to whom you do not wish your details to be sent. CVs will be forwarded directly to our Client who will conduct the interviews. *Charles Barker Recruitment Limited, 30 Farringdon Street, London, EC4A 4EA.*

CHARLES BARKER
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Deputy Finance Director

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Please reply, with full career details, quoting reference 1218, to David Thompson, Managing Director, Bull Thompson and Associates Limited, 63 St. Martin's Lane, London WC2N 4JX, who is advising on this appointment.

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The salary package is negotiable and will include an executive motor car plus other attractive benefits including relocation expenses where appropriate.

Please write initially, with full career details to Lance Wilder, as advisor to the Company, quoting ref. 1702 at:

Deven Anderson & Associates
(Incorporating John Anderson & Associates)
Executive Search & Selection
Berwick House, 35 Livery Street
Birmingham B3 2BP

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FINANCIAL DIRECTOR

29-34

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The Internal Audit Officer, reporting to the Head of Internal Audit, has responsibility for the day-to-day management of the financial, operational, trust and EDP audit functions. A considerable amount of time will be taken up in the planning and review of assignments, provision of guidance to staff and general development of the Internal Audit Department.

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The EDP Auditor, reporting to the Internal Audit Officer, will have operational responsibility for monitoring systems development projects, EDP environmental audits and specific EDP application audits. The EDP Auditor will be expected to contribute to the general development of the EDP audit function and to promote the integration of the EDP and non-EDP aspects of auditing.

The successful candidate will have a programming background as well as accounting and bank auditing experience and should also be familiar with systems development methodology.

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Interested candidates should forward comprehensive *curriculum vitae for themselves* (and their spouses if applicable) to:

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Representative Office
B. of B. (Europe) Limited
Minster House
12 Arthur Street
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Attention: Mr Alastair Macdonald

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Please airmail applications, with full details of experience and qualifications, to Mr A G Lodge,
Crown Corporation Limited, Post Office Box 3148,
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CROWN
CORPORATION

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LUDWIG INSTITUTE FOR CANCER RESEARCH
Stadelhoferstrasse 22, 8001 Zurich, Switzerland
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KWU plans job cuts after severe decline in 1986 turnover

BY DAVID MARSH IN MUELHEIM

KRAFTWERK UNION (KWU), the West German power station manufacturer owned by the Siemens electricals group, suffered a severe fall in turnover last year and was able to pay an unchanged DM 100m ($54.8m) dividend to its parent company only out of cash built up in previous years.

Confronted with falling orders, officials said the company planned to resort to early retirement measures to cut its workforce by between 20 and 30 per cent from the present level of around 14,200 by around 1991.

Mr Klaus Barthelt, the KWU chairman, said that the company last year went through the most difficult period in its often turbulent 18-year-old history as a result of the downturn in nuclear markets at home and abroad.

It is to be integrated more closely into the Siemens group from October 1. This is a bid to give KWU more flexibility to develop its non-nuclear business within the Siemens Group. But both Siemens and KWU deny this adds up to any weakening of its nuclear commitment.

Mr Barthelt said that "the world after Chernobyl is no longer the same." He made clear that not only the Soviet nuclear accident, but also economic difficulties affecting potential developing country clients, were casting heavy clouds over the nuclear business.

One bright spot was KWU's nuclear fuel activities, which Mr Barthelt described as being "pleasingly stable" in Germany and abroad. It has recently bought Exxon's nuclear fuels business.

AT&T sued over move on toll-free dialling

BY ANATOLE KALETSKY IN NEW YORK

AMERICAN TELEPHONE & Telegraph (AT&T) is being sued for its promotion of international toll-free dialling services, in an unusual legal challenge brought by Worldwide 800 Services, a company based in Switzerland.

Worldwide is run by Mr Stanley Scheinman, a former senior executive of MCI Communications, whose litigation against AT&T in the 1970s played a crucial part in the breakup of the big US telecommunications group.

The lawsuit, filed on Tuesday night in the US District Court at Chicago, alleges unfair methods of competition and deceptive advertising by AT&T in its efforts to expand its highly profitable and rapidly growing US toll-free dialling system around the world.

AT&T now offers toll-free dialling to the US from 17 countries in Europe, North America and Asia and has been advertising heavily to attract new customers.

Among the statements made in this advertising is that potential clients "won't find this type of service anywhere else at any price."

Worldwide 800 Services, which is owned by HITK Corporation, a leading US business development company, claims to have been offering similar services to clients in the hotel, travel and stockbroking businesses for the past 12 years.

AT&T said yesterday that it would "certainly take the suit seriously" but would not "argue this matter in public beyond saying that the advertising in question is neither deceptive nor fraudulent."

Profits at Saab rise to SKr 3.1bn

By Sara Webb, Stockholm Correspondent

SAAB-SCANIA, the Swedish automotive and aerospace group, reported a 14.5 per cent increase in profits after financial items to SKr 3.13bn ($481m) in 1986, compared to SKr 2.73bn the previous year.

Group sales increased by 10.6 per cent to SKr 35.2bn against SKr 31.84bn a year ago.

The group is planning a bonus issue in August which would pave the way for a listing overseas.

Both the Scania and Saab car divisions reached record sales volumes. The Scania division, which makes buses and trucks, showed a 12 per cent increase in sales to SKr 15.2bn. Division profits (before appropriations and taxes) rose 29.5 per cent to SKr 2.4bn.

The number of trucks and buses delivered increased by 10 per cent to 28,421 with 91 per cent of sales going overseas.

Scania maintained its 13 per cent share of the west European market and increased market share in Argentina and Australia. Order bookings increased 19 per cent, helped by large orders from the Norwegian armed forces and the Indian Army.

The Saab car division showed a 17 per cent rise in sales to SKr 14.2bn, despite the lower dollar exchange rate, while profits rose by only 3 per cent to SKr 941m.

It sold 126,988 cars during 1986, with 77 per cent going to overseas markets. The group has decided to increase annual production capacity to 150,000 and is building a new car plant in Malmo, southern Sweden.

The Saab aircraft division showed stagnant sales of SKr 3.3bn and made a loss of SKr 33m compared with a profit of SKr 106m in 1985. The group said this was partly because a number of the aircraft were delivered for leasing, profits from which will be included in future results.

Paul Betts looks at the likely effects of France's internal air travel deregulation

French airlines head for prices dogfight

A PRICE war is likely to be unleashed in French domestic air travel after the Conservative Government's decision to deregulate internal air travel by allowing charter companies to compete on domestic routes against Air France, the national airline company, and Air Inter, the main domestic carrier.

Nouvelles Frontières, the aggressive and fast-growing French charter and holiday tour group, has already announced plans to offer low-cost charter services on key domestic routes such as Paris-Toulouse, Paris-Marseilles, and Paris-Nice in competition with regular Air France and Air Inter services.

The deregulation plans are being drawn up by Mr Jacques Douffiagues, the liberal transport minister. Mr Douffiagues has already opened up competition on French West Indies routes by breaking Air France's monopoly on these destinations and allowing charters to fly to the French Antilles.

He also increased competition between Air France and UTA, the French private international long haul carrier, by allowing UTA to fly on North Atlantic routes which, until now, were the preserve of Air France. However, he has also given Air France the go-ahead to fly to Tahiti, one of UTA's key long-distance destinations. He plans to extend this competition on domestic flights.

Jean-Didier Blanchet, Air Charter chief executive, left, acknowledges that the domestic charter business already accounts for 10 per cent of his company's overall business although the group sees the main growth of its business in the international market.

Air France and Air Inter are concerned by the changes but believe they can compete against the new charter services.

Mr Jean-Didier Blanchet, chief executive of Air Charter, which is 80 per cent owned by Air France and 20 per cent owned by Air Inter, said yesterday that Air France on Paris-Nice already offers a return flight for FFr 680 ($111) which is FFr 10 cheaper than the proposed Nouvelles Frontières fare for the same route.

Moreover, the scheduled airlines regard France's high-speed train links as bigger competition on domestic routes than competition from charters. Mr Blanchet said Air France had lost about 25 per cent of its business on the Paris-Geneva route because of the high-speed train, or train à grande vitesse (TGV). Air Inter lost about 50 per cent of its business to the TGV on the Paris-Lyons route.

Plans to develop TGV links to Bordeaux and eventually to Belgium, Germany and the Netherlands will also have an impact on the scheduled airlines.

However, the domestic charter business has been spreading. Mr Blanchet acknowledged that it already accounted for 10 per cent of Air Charter's overall business, although the Air France-Air Inter subsidiary sees the main growth of its business on the international market.

Since 1982, Air France has made a big effort to develop the charter business to halt an increasing penetration of the French air charter market by foreign companies. The French companies saw their share of the market fall from 47 per cent in 1980 to 37 per cent in 1982.

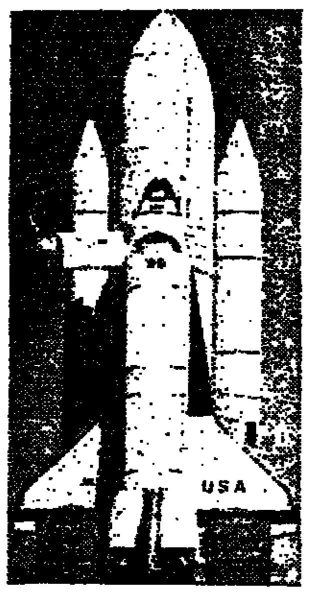
However, the French companies, spearheaded by Air Charter, have recovered their market share with more than 50 per cent of charter services originating from France. Air Charter's share of the market amounted to 43 per cent last year.

None the less, after strong growth in 1984 and 1985 when Air Charter's overall activity grew in the two years by 110 per cent, the charter company saw its operations decline by 8.3 per cent which Mr Blanchet describes as a "year of consolidation."

The charter company carried 1.6m passengers last year and saw its net earnings rise from FFr 5.7m in 1985 to FFr 16m last year.

Mr Blanchet said he expected profits to decline slightly this year to FFr 13m. Air Charter expects to carry 1.8m passengers this year and see its sales increase to FFr 1.25bn from FFr 1.2bn last year.

The company is to cut its prices by an average of 4 per cent to 8 per cent this year and launch an advertising campaign reflecting the growing competitive pressures on the French charter and general passenger airline business.



Thiokol to repair rocket flaw at cost

BY JAMES BUCHAN IN NEW YORK

THIOKOL, the builder of the booster rocket used in the US space shuttle Challenger, is to forego profit on some $409m in work to repair flaws in the design and construction of the rockets.

In renegotiating the contract to build the solid-fuel rockets, which Morton Thiokol has held as a single supplier since 1973, the National Aeronautics and Space Administration (NASA) said there was no suggestion that the company was taking responsibility for the accident last year which destroyed the Challenger.

Morton Thiokol said it believed it was "in the best interests of all concerned to resolve these matters without resorting to lengthy and expensive litigation."

The Challenger exploded over Cape Canaveral on January 28 1986, killing all seven crew. Federal investigators have traced the explosion to a gas leak caused by the stress of cold weather on flawed design in the booster rocket.

Both the US Government and the company have negotiated settlements with the crew members' families.

Nasa hopes to hold a preliminary test of the redesigned rocket this summer and is planning to relaunch the shuttle early next year.

Under the preliminary agreement with Morton Thiokol, the contract's value, including work already done, will be increased to $1.3bn. Of this, about $409m in work to modify the booster and replace equipment lost in the Challenger disaster will be handled at cost.

Overall, Morton Thiokol's total profit will be held to $86m as against a potential $91m on the original, smaller contract.

Morton Thiokol, which has already earned about $150m on shuttle work, said the understanding with Nasa would result in a "significant negative impact" on the earnings of its aerospace group for the year to next June.

Last year, the group made operating profits of $96m on sales of $933m. However, strong specialty chemicals results would still leave earnings of $2.80 to $3 a share, according to Mr Charles Looke, chief executive.

Schering group sales decline

By Leslie Colitt in Berlin

SCHERING, the West German pharmaceutical and chemical company, had a rare decline in group sales last year while group profits fell by an undisclosed amount.

Turnover at the Berlin-based multinational dropped 9 per cent to DM 4.7bn ($2.5bn) while earnings for the group were said to have dropped "distinctly". Profits of the parent company, Schering AG, however, were said to have held up at about the 1985 level.

The fall in turnover was largely the result of the devalued dollar and pound sterling. Excluding exchange-rate factors, Schering would have had higher sales last year.

INTERNATIONAL COMPANIES and FINANCE

Impresit leads bidders for Spanish group

By Alan Friedman in Milan

IMPRESIT, the civil engineering subsidiary of Italy's Fiat Group, is leading a Spanish-Arab consortium of investors which is bidding to acquire the Madrid-based Hispano Alemana de Construcciones, a large Spanish construction company which was part of the Rumasa Group.

The takeover of Alemana, which is thought likely to obtain the Madrid Government's blessing in the next few days, would see Fiat joining forces with a Spanish bank which is 30 per cent owned by the Libyan Arab foreign bank. The Libyan institution was until a few months ago a major Fiat shareholder, with 15 per cent of the Turin Group's equity.

The plan to take control of Alemana, Spain's seventh-largest construction concern with around $250m of 1986 revenues, would see Fiat-Impresit buying 26 per cent

Banco Arabe Espagnol, the bank which is 30 per cent Libyan-owned, and 30 per cent owned by the Kuwait Foreign Trading and Investment Company, would acquire 25 per cent of Alemana. Mr Mario Caprile, a Madrid-based Italian investors who has been involved in the car components industry, would take 26 per cent of Alemana.

The Fiat-led consortium is expected to pay between $10m and $12m for the financially-troubled Alemana. The sale would allow the Spanish Government to divest a company which was once a key holding of Rumasa, the conglomerate which was built up by Mr José Maria Ruiz-Mateos

SGS earnings increase 17% to SFr 112m

By William Dullforce in Geneva

SOCIETE GENERALE de Surveillance (SGS), the world's largest privately owned quality control and inspection group, yesterday reported a 17 per cent increase in net consolidated earnings to SFr 112.3m ($72.5m).

The board proposes to raise the shareholders' dividend to SFr 93 a share and *bon de jouissance* from the SFr 82 paid on the 1985 account.

Group gross revenues grew by 5.4 per cent to SFr 1.6bn during 1986, the negative effect of the lower dollar exchange rate being offset by the advance in income in local currencies.

Cash flow improved by 14.2 per cent, moving from SFr 145m in 1985 to SFr 166m.

Nokia increases profits to FM 674m

BY OLLI VIRTANEN IN HELSINKI

NOKIA, Finland's largest stock market quoted company, with interests in the electronics, cable, paper and rubber industries, reported a 22 per cent increase in profits after financial items to FM 674m ($148m). Earnings per share rose from FM 10.4 to FM 11.5. The group's net sales, according to the preliminary report released yesterday, totalled FM 12bn, up 9 per cent on 1985.

Profit before appropriations and taxes declined from FM 834m to FM 731m, which is explained by sales of property worth FM 282m in 1985.

The group's largest business sector, electronics, reported a 15 per cent increase in net sales to FM 5.2bn. Operating profits in the electronic sector rose from FM 260m to FM 370m. Electronics was the group's only business sector that saw its operating profit increase.

Net sales of the rubber and flooring sector was up 20 per cent at FM 1.5bn, mainly a result of the acquisition of the Conrad Scholtz company of West Germany.

Cables and machinery business sector had net sales of FM 3.2bn, almost the same as in 1985, while the paper, power and chemicals sector recorded a drop of 4 per cent in net sales to FM 2.4bn.

The group's chairman and chief executive officer, Mr Kari Kairamo, expects the rapid growth to continue also in 1987, particularly in the electronics sector. The group's net sales will, according to him, increase at the same pace as in 1986.

Turnover at Hero falls to SFr 408m

By John Wicks in Zurich

HERO, the Swiss foodstuffs concern, saw group turnover fall slightly from SFr 424.7m ($274m) to SFr 407.7m last year. According to a letter to shareholders of parent company Hero Conserven Lenzburg, however, this was because of the sale to Nestle of the cornflakes subsidiary Getreideflocken, whose annual sales in 1985 had totalled SFr 45m.

Cash-flow of the group rose sharply from SFr 30.5m to SFr 41.7m in 1986 and consolidated net profits almost doubled from SFr 10.7m to SFr 21.3m.

Hero Conserven Lenzburg, which was recently successful in warding off a takeover bid from the Jacobs-Suchard group, is to recommend at its April 29 shareholders meeting increased dividends of SFr 25 per cent registered share and SFr 100 per bearer share from increased net earnings of SFr 10.2m (1985: SFr 7.1m).

This 25 per cent pay-out compares with dividends in 1985 of SFr 15 and SFr 60, respectively, plus corresponding jubilee bonuses of SFr 5 and SFr 20.

Before the shareholders' meeting, an extraordinary general meeting is to be held in Regensdorf on March 10 at which the board will propose an offer whereby existing holders of bearer shares will be able to convert these into registered shares.

While this measure is seen as guaranteeing the future independence of the company, Hero proposes to ease its statutory restrictions in connection with the transfer of registered shares.

Sabena still in profit despite drop in traffic

SABENA, Belgium's national airline, said the company remained in profit in 1986 despite a downturn in traffic on the North Atlantic route and a temporary loss of landing rights in Zaire, Belgium's former colony, AP-DJ reports from Brussels.

The company did not give figures. Details of Sabena's results will be published in June.

However, a spokesman for the airline said that Sabena made a loss of BFr 350m ($9.2m) on flights to Zaire because of a dispute that resulted in Sabena losing landing rights in Zaire for a month.

Sabena's net profits amounted to BFr 345.5m in 1985. The Belgian state has a direct holding in Sabena of about 55 per cent with the remainder of capital held by public and private institutions.

The Sabena spokesman said that as a result of financial operations in 1986 the airline had resources amounting to BFr 10.3bn to finance fleet renewal. The spokesman said that Sabena would take delivery later this year of five Boeing 737-300 jets. The cost of the jets is about BFr 8bn.

Separately, Sabena said it was continuing to negotiate with Scandinavian Airlines System (SAS) on a co-operation agreement. Firm proposals for the accord should be made around mid-April, the company said.

US QUARTERLIES

BEAR STEARNS

Third quarter	1986 $	1985 $
Revenue	678.6m	629.4m
Net profits	59.6m	47.2m
Net per share	0.74	0.59
Nine months		
Revenue	1.78bn	1.60bn
Net profits	128.4m	89.4m
Net per share	1.59	1.10

ESSELTE BUSINESS SYSTEMS (EBS)

Fourth quarter	1986 $	1985 $
Revenue	278.6m	204.1m
Net profits	13.5m	8.1m
Net per share	0.60	0.40
Year		
Revenue	972.8m	696.5m
Net profits	45.0m	32.8m
Net per share	2.20	1.61

FOSTER WHEELER

Fourth quarter	1986 $	1985 $
Revenue	357.4m	343.0m
Net profits	7.8m	3.7m
Net per share	0.22	0.11
Year		
Revenue	1.30bn	1.26bn
Net profits	28.0m	26.0m
Net per share	0.81	0.76

ITT FINANCIAL CORP
Financial services

Fourth quarter	1986 $	1985 $
Revenue	324.2m	315.6m
Net profits	38.0m	40.6m
Net per share	—	—
Year		
Revenue	1.3bn	1.2bn
Net profits	151.9m	141.0m
Net per share	—	—

MACK TRUCKS
Heavy-duty trucks

Fourth quarter	1986 $	1985 $
Revenue	477.1m	490.9m
Net profits	6.7m	†18m
Net per share	0.23	†0.13
Year		
Revenue	1.71bn	2.06bn
Net profits	†30.6m	†69.2m
Net per share	†1.06	†2.07

†Loss

NAVISTAR INT'L
Heavy & medium trucks

First quarter	1986-87 $	1985-86 $
Revenue	911m	797m
Net profits	*8m	14m
Net per share	0.02	0.08

* Excludes $107m net extraordinary loss, against $14m gain a year earlier

Rhône-Poulenc to raise FFr 2.5bn

By Paul Betts in Paris

RHONE-POULENC, the French nationalised chemicals group, is to raise FFr 2.5bn ($410m) in fresh equity funds next week by issuing non-voting shares called *certificats d' investissement privileges* (CIP).

CIPs are a form of non-voting securities which nationalised companies can issue in France to reinforce their capital funds.

Rhône Poulenc has been asking for some time to raise fresh equity to help finance its recent $575m acquisition of Union Carbide's agricultural activities. The equity issue will help hold down the group debt following the US deal.

The French conservative government, however, had delayed giving Rhône-Poulenc the go-ahead for its non-voting equity for fear of crowding out the French financial markets at a time when it was launching its first privatisations.

INTERNATIONAL COMPANIES and FINANCE

Matsushita Electric has first decline in 11 years

By Yoko Shibata in Tokyo

MATSUSHITA ELECTRIC Industrial, the Japanese maker of National and Panasonic brand consumer electronics products, yesterday reported its first decline in group sales and profits for 11 years.

Consolidated net profits for the year to November 20 decreased by 34 per cent to Y163.66bn ($1.06bn), on turnover khich at Y4,574.9bn was down by 9.5 per cent. Net earnings per share were Y89.74, against Y135.08.

The company said its results were severely affected by the rise in the yen's value against the dollar and slow economic growth in Japan. The figures reflected performances by 65 consolidated subsidiaries including Victor Company of Japan (JVC), Matsushita Kotubuki Electronics, Matsushita Communications and Matsushita Electric Trading.

Matsushita officials said the yen's rise generated a loss of Y300bn, which rationalisation efforts failed to offset. Operating profits fell 44.4 per cent to Y311.77bn.

Domestic sales fell by 1 per cent to Y2,466.8bn, while overseas sales declined 20 per cent to Y2,008.1bn, reflecting the difficult export climate.

Video cassette recorders, the company's main product line, increased in sales volume but generated lower revenuebecau generated lower revenue because of a grater proportion of low-priced models and the fall in export earnings, resulting in a 20 per cent fall in video equipment turnover to Y1,502.8bn.

Matsushita is to change its year-end to March 31, in order to unify the fiscal year of most of its group companies. The period from November 21 1986 to March 31, 1987, is being treated as an irregular period, in which consolidated net profits are expected to emerge at Y41bn on sales ofY1,420bn.

Westfield rises 78%

Westfield Holdings, an Australian shopping centre operator with interests in the US, increased profit after tax by 78.5 per cent to A$9.6m (US$6.4m) in its first half-year to December, Reuter reports from Sydney.

Sevenfold profits leap at Ariadne

BY BRUCE JACQUES IN SYDNEY

ARIADNE AUSTRALIA, the Brisbane - based takeover specialist chaired by Mr Bruce Judge, has topped up its acquisitive war-chest after bumper earnings in the December half-year.

The company also lifted the interim dividend from 3.5 cents to 4.5 cents a share after net profits emerged seven times higher at A$61.25m (US$41m) against A$8.77m.

Mr Judge said that the group had sold its remaining shares in the New Zealand-based Renouf Corporation to institutions, realising about A$600m. This privately held Judge Corporation is to assume a larger role at Renouf.

Mr Judge said he would direct funds from the sale primarily into the company's growing offshore interests. These include a joint venture with the Willian Simon empire in the US; Goode, Durrant and Murray (the UK financial services group); and Impala Pacific in Hong Kong.

The funds injection will also contribute to a substantial reduction in Ariadne's debt levels and help to generate further profits, he said. Mr Judge pointed out that the group had derived virtually no benefits in the half from the Simon venture and its newly-formed mining arm, Giant Resources.

Giant, revamped from the shell of a Queensland company, has emerged with annual gold capacity of more than 400,000 oz, placing it potentially among Australia's largest producers.

During the half, Ariadne also replaced all its existing secured banking lines with a A$500m unsecured line from ANZ Bank.

Contributions from Giant and the group's overseas interests should ensure further profit growth in the current half, although Mr Judge said cash settlements from the Renouf sale would probably not be received until after this year's June 30 balance date.

He said profit growth in the latest half came fairly evenly from all group operations and earnings a share increased from 4.25 cents to 13 cents despite a one-for-six bonus issue and an A$185m one-for-four rights issue in the half.

The group's tax bill was still a modest A$15.6m, but compared with nil previously, while interest charges rose from A$5.2m to A$44.3m.

● Renouf has agreed to buy 25 per cent of Euro-National Corporation, another New Zealand merchant bank, Reuter adds from Wellington.

The deal is worth upwards of NZ$175m (US$96.8m). Sir Francis Renouf has meanwhile resigned as chairman in favour of Mr Judge.

New brands boost income at Asahi Breweries

BY OUR TOKYO STAFF

ASAHI BREWERIES of Japan boosted pre-tax profits 62.7 per cent to a record Y5.32bn ($34.6m) last year, benefiting from the introduction of new brands.

Net profits were 11 per cent higher at Y1.51bn on turnover of Y259.36bn, up 9.7 per cent.

Beer sales advanced 12 per cent both by volume and by value. Carbonated beverages were adversely affected by an unusually cold summer.

In the current year, Asahi Breweries will begin producing Coors beer under licence from the US.

By lifting the proportion of imported barley, costing only a quarter of domestic barley, to more than 80 per cent of the company's total use, Asahi foresees a 16.5 per cent increase in pre-tax profits to Y6.2bn with net profits of Y1.8bn, up 19 per cent, on turnover of Y300bn, up 15 per cent.

First earnings for Egypt's export development bank

BY TONY WALKER IN CAIRO

EXPORT DEVELOPMENT Bank of Egypt (EBDE) recorded a E£2.1m (US$1.5m) profit in the 17 months to June 1986, its first full trading period.

EDBE's return on capital which averaged E£25m was 8.2 per cent. Dr Hazem Beblawi, the bank's chairman, described the result as a "reasonably good start given the difficult business environment."

EDBE was established at the urging of the World Bank and other international institutions to invigorate Egypt's weak export sector. The World Bank is providing about $125m, part of which is to be disbursed by EDBE.

A recent survey found that Egyptian exports grew 260 per cent between 1978-83, but this was almost totally the result of increased sales of petroleum products and cotton. Other exports slipped back.

Initial deficit for Malaysian car maker

BY WONG SULONG IN KUALA LUMPUR

PERUSAHAAN Otomobil Nasional (Proton), manufacturer of Malaysia's National Car, suffered a loss of 42.5m ringgit (US$16.7m) for its first year of operations which ended in March 1986.

The company's annual report, released yesterday, said it incurred an operating loss of 27.7m ringgit, mainly because of low production volume.

Proton began commercial production of its car, the Saga, in July 1985, and produced 17,000 units by March last year. Its annual installed capacity is 80,000 units. Sales during the period totalled 172m ringgit.

The company also suffered a foreign exchange loss of 14.8m ringgit because of the sharp appreciation of the yen.

Hyundai Motor, the South Korean car maker which has been rapidly expanding exports, in particular to North America, lifted net profits by nearly a third in 1986 to 38.3bn Won ($44.75m), Our Financial Staff writes.

Sales showed a far larger jump of 82.1 per cent to 1,906.4bn Won, and the company said its turnover target for the current year envisaged a further substantial rise to 2,500bn Won.

The dividend, paid largely to the parent Hyundai group, is to remain at 60 Won per share.

Hyundai Motor now ranks as the most profitable of Korean listed companies, according to the Daishin Research Institute. The results of a survey yesterday showed a jump from fourth place the previous year. It is seventh in sales terms.

Proton is 70 per cent owned by the Malaysian Government's Heavy Industries Corporation (Hicom), and the Mitsubishi group of Japan.

The 560m ringgit car venture is a favourite project of Dr Mahathir Mohamed, the Malaysian Prime Minister, who envisaged many industrial spin-offs.

Proton is currently facing two major problems: the shrinking Malaysian car market because of the recession, and the sharp appreciation of the yen, which had increased the cost of its loans and component parts.

Total Malaysian car sales have fallen from a peak of 110,000 units in 1984 to 47,000 units last year. The Saga's share of the market last year was 47 per cent.

The company had 487m ringgit in long-term loans at the end of March 1986.

Tan Sri Jamil Jan, Proton's chairman, said the company was actively seeking export markets and hoped to break into the American market early next year. Small batches of the car have been sold to Bangladesh, Pakistan, Malta and New Zealand.

BTR Nylex lifts payout after strong advance

By Our Financial Staff

BTR Nylex, the 59 per cent-owned Australian offshoot of BTR, the British industrial congolmerate, more than doubled net profits last year to A$50.06m (US$33.5m), compared with A$24.39m.

The result came on a 93 per cent jump in sales to A$718.03m, of which the company said some A$396.5m came from companies acquired during 1986.

The dividend is raised to a total 22.5 cents a share from 15 cents, after which a one-for-two scrip issue will be made.

Goodman Fielder gains from merger

Goodman Fielder, the recently merged Australasian foods group, showed net profits for the first half to December of A$63.34m (US$42.4m), Reuter reports from Sydney.

This was against A$4.51m for Fielder Gillespie Davis alone a year earlier, before it merged with the larger Goodman Group of New Zealand and Australia's Allied Mills. The latest result was before extraordinary credit of A$51.4m.

Six-month growth for Peko-Wallsend

Peko-Wallsend, the Australian resources group, increased profits after tax in the first half to December to A$32.5m (US$21.75m) from A$30.1m, AP-DJ reports from Sydney.

The company said second-half results would benefit from improved productivity

Hong Kong gas utility 27% ahead

HONG HONG and China Gas has announced net profits for last year of HK$235.16m (US$30.15m), an increase of 27 per cent, AP-DJ reports from Hong Kong.

The company also recorded an extraordinary gain of HK$227.52m, allowing a total dividend of 36 cents. The directors also recommended a two-for-five scrip issue.

AIBD BONDS INDICES

WEEKLY EUROBOND GUIDE FEBRUARY 20 1987

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	8.544	0.176	9.996	8.450
Australian Dollar	14.525	10.422	14.587	12.830
Canadian Dollar	9.778	−0.458	11.628	9.633
Euroguilder	6.121	−0.261	6.314	5.804
Euro Currency Unit	8.605	−0.692	9.434	8.164
Yen	5.817	−0.547	6.851	5.774
Sterling	10.512	−1.314	11.609	9.751
Deutschemark	6.111	0.164	6.721	6.071

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INTERNATIONAL CAPITAL MARKETS and COMPANIES

Sweden measures up in commercial paper

A fast-growing commercial paper market underlines its maturity by seeking to establish a credit rating system. Sara Webb reports

SWEDEN'S COURTING of a credit rating for its commercial paper market—which will enable investors to assess risks more easily—is being taken as a sure sign that the market is well out of its ankle socks and growing up fast.

Stockholm School of Economics is working with Standard & Poor's, the US rating agency, on a credit assessment system which would take into consideration the peculiarities of Swedish companies, local authorities and their accounting practices.

The hope is that the rating system will help to broaden the interest rate differentials among borrowers and give some of the less-well known names access to the market.

The Swedish commercial paper (CP) market only started in the spring of 1983. The aggregate value of domestic commercial paper is SKr 67bn ($10.3bn), while outstandings total SKr 27.08bn, according to figures published by the Riksbank, the Swedish central bank, in November.

These figures place the Swedish CP market ahead of its British, French and Dutch counterparts, though behind the US domestic and Euro-commercial paper markets.

Ironically, the first borrower to use the official market was the City of Stockholm, the local authority which recently hit the headlines when it transpired that a member of staff lost about SKr 470m by speculating in futures and options. The city's first CP programme was for SKr 75m.

Corporate names were quick to follow suit, with SKF, Electrolux, Ericsson, SCA and most of the top 16 names in the stock exchange launching CP programmes, followed by many medium-sized companies.

Today, the banks say that the main users are mortgage institutions looking for bridging finance, and local authorities.

The bulk of the paper has an overnight to 90 days' life. The original restrictions of 30 to 720 days were eventually lifted, though people in the market say it is rare to find paper over 180 days' maturity.

The bank or issuing house applies for permission from the Riksbank to issue paper on behalf of a local authority or company for a programme with a specified life and aggregate amount. The issuer supplies a liquidity guarantee, though these are seldom used, except perhaps as a marketing tool -when approaching investors.

The bank or issuer buys the paper and then redistributes it to investors. Programmes tend to be small—the largest to date was SKr 5bn for Teleinvest, part of the Swedish telecommunications administration.

Mr Anders Kvist, head of Svenska Handelsbanken's domestic money and bond market operations, points out that many big companies do not really use their CP programmes as much as they might.

"Their outstandings are very small because most of the large companies are loaded with cash and don't need to use short-term markets," he says.

For a time, commercial paper was just another trendy instrument which no self-respecting Swedish corporate treasurer wanted to be without.

SCA, the forest products group started its SKr 500m programme in May 1985, ostensibly "to be prepared for swings during the year." However, it admits that it has not made much use of the programme since then because of its strong liquidity position.

Even when SCA had to put aside about SKr 1bn at the end of May—to pay dividends to shareholders and contributions for investment funds—the drawings it made on its programme were not earmarked specifically to cover that sum, the group claims. "We see CP as a sort of reserve or back-up if we ever need the funding" says Mr Carl-Axel Olson, in SCA's finance department.

Other companies use the programmes if their bank overdraft facilities are limited or if there are limits on export-import financing. Usually, companies find that they can get cheaper financing through commercial paper than through the banks.

Up to November 1985, the banks themselves were limited by credit ceilings, making CP an important alternative.

A popular use is for bridging finance, especially in May when Swedish companies pay their dividends. Some of the prime borrowers are using their paper for arbitrage purposes, placing the money in less prestigious paper of the same duration, where they might get a return of 25-40 basis points.

There are about 200 borrowers in the market, and not all are as pure as the driven snow. It irks the prime corporates and bank-owned finance companies that interest rates do not reflect their financial standing. They feel they are unjustly treated by investors, and that they will gain from the relative evaluation of credit worthiness which the rating system should give them.

OUTSTANDING CP ISSUES (SKr bn)

Companies	20.44
Local authorities	3.39
Mortgage institutions	3.96

"There are too many finance companies getting the same treatment in the market — the rates do not always reflect capital base" according to Nevi, a finance company.

The rating should lead to a wider spread of interest rates, and offer better information about borrowers. "The CP market has grown so fast, there are many more names apart from the blue-chips for investors to investigate, and in future they can use the rating as a shorthand," says Professor Staffan Burenstam, head of Stockhol mSchool of Economics.

In the wake of the Fermenta scandal, the Stockholm financial markets are naturally sensitive about their reputation. Fortunately, Fermenta did not have a CP programme. The rating system should help to make sure that nobody gets their fingers burnt in future.

Peugeot secures multi-option facility

By Paul Betts in Paris

PEUGEOT, the French private car group, has secured a multi-option financing facility worth Pta 7.5bn from a group of Spanish and international banks led by Morgan Guaranty, to finance the car producer's Spanish operations.

Peugeot's Spanish financing subsidiaries, signed the medium-term credit agreement yesterday.

PSA Credit Espana and Cofic, Peugeot's Spanish financing subsidiaries, signed the medium-term credit agreement yesterday.

The multi-option facilitiy is for four years. It wil lenable the French group to tap the Spanish market with various new instruments including commercial paper — or "pagares" as they are known in Spain—and bank credits.

The structure and flexibility of the multi-option credit facility broke new ground on the Spanish financial markets Peugeot said. The company has substantial industrial and commercial interests in Spain with both Peugeot and Citroen manufacturing facilities.

Nervous rise in fixed-rate sector

BY CLARE PEARSON

PRICES OF fixed-rate Eurobonds rose by up to ½ percentage point yesterday, encouraged by the firmer US Treasury bond market, though the tone remained nervous ahead of the release of US economic data later this week.

Meanwhile, prices of floating rate note (FRN) issues were marked lower by about ⅛ point, with issues for US banks hit particularly hard, as concern deepened about their exposure to Latin American countries.

The perpetual sector of the FRN market, however, was showing signs of a slight revival after its virtual closure on Tuesday, when most houses of the 10 houses active in the market gave up quoting firm prices. Dealers said yesterday that a few more were again starting to make markets with each other.

One dealer said that as many as seven houses were seeking prices but mainly to cover positions.

Dealing sizes were considerably below normal levels, however, and prices were quoted on a one-point bid/offer spread.

Prices of issues for UK clearing banks that count as primary capital for capital ratio purposes were about one point higher, at around 90. But the earlier, non-qualifying issues for Barclays and National Westminster Bank were about five points above this, partly reflecting speculation that the issuing banks might buy them back.

A trickle of new issues emerged in the primary market. Credit Suisse First Boston led a $100m five-year 7½ per cent bond for Queensland Government Development Authority. The issue, priced at 100⅛, gave an initial spread net of fees of 78 basis points over US Treasury bonds.

The issue met with a lukewarm response from the market. It was quoted at levels around its 2 per cent fees.

Falling domestic interest rates in Japan kept the Euroyen sector firm yesterday, although prices were largely unchanged.

IBJ International led a Y20bn seven-year bond for Caisse Nationale des Telecommunications. The bond's terms —a 5¼ per cent coupon and 102¼ issue price—looked airly attractive compared with other recent Euroyen deals. It was bid at a discount to issue price of 1¾ points, as against 1⅝ per cent fees.

Nomura International announced a $150m floating rate note issue based on $189.3m worth of fixed-rate bonds, swapped into flating rate instruments, which had originally been hte host bonds for Japanese companies' equity warrants issues. This was the second issue of this type, ollowing a deal launched by Bankers Trust earlier this year.

The issue is for Lives ("Latest Investment Vehicle Ex-Warrant Swapped"), a Cayman-based vehicle. It is guaranteed by the four Japanese banks which backed the equity warrants bonds: Fuji, Mitsubishi, Long-Term Credit Bank and Tokai. Unlike Bankers Trust's earlier issue, which incorporated a sinking fund, Lives has a bullet maturity of five years. The par priced deal was quoted yesterday at 100.01 bid.

The Australian dollar primary market was looking overloaded with new paper yesterday, although dealers said there was still demand, mainly from West German investors, for issues by attractive names.

Orion Royal Bank led a A$40m five-year issue for IKB Finance, a subsidiary of the West German bank Industriekreditbank. The 15 per cent issue was priced at 101⅜.

In the D-Mark market, turnover was small but prices gained by about ⅛ point.

Deutsche Bank led a DM 150m five-year 6 per cent issue for Hoogovens, the Netherlands steel company. The issue was priced at 99½. It was quoted well within 2¼ per cent fees, improving to around less 1.40 bid at the end of the day.

Iceland's recent issue was bid at a discount to issue price of three points, ⅛ point better on the day.

In Switzerland, prices fell by ⅛ to ½ point. Dealers said the primary market was suffering from excess volume. Swiss franc short-term rates firmed slightly, because of end-of-month pressures on liquidity.

Japanese regain appetite for equity warrant bonds

BY YOKO SHIBATA IN TOKYO

EURODOLLAR BONDS with equity warrants, a time-honoured instrument, are roaring back into favour with Japanese corporations.

Equity warrant bond issues lined up for flotation in March have already reached a monthly record of $1.2bn, topping the $1.09bn set in April and August last year. The busy issue schedule reflects an improving primary market environment against the expectation that Japanese stock prices will continue to rise.

Bonds carrying warrants convertible into equity, can amplify the movement of the stock prices, and are particularly alluring to investors because of the high returns achieved in a bull market.

The steady rise of the Tokyo Stock Exchange since late last October has stimulated strong foreign interest in Japanese equity warrant bonds. In addition, the bonds themselves, after separation of the warrants, are in demand in the yen-dollar swap market.

It has been more than a year since the Ministry of Finance lifted the ban on the issue in Japan of corporate bonds with detachable warrants at home and on the domestic sale of such bonds issued abroad by Japanese companies.

Japanese institutional investors, who had been hesitant to buy new instruments, are beginning to purchase equity warrant bonds as a part of their portfolios.

Investment trusts have been allowed to invest up to 20 per cent of their net assets in warrant bonds since last July, while life insurance companies were given similar permission last month.

Japanese companies became familiar with warrant bonds last year as issuers. They are also interested in them for investment purposes.

Favourable tax treatment has also wetted the appetite of individual investors. The brokerage houses are pinning high hopes on the creation of a liquid secondary market in issues in Japan.

Domestic over-the-counter sales of warrant bonds, which peaked last March at Y500bn, tumbled to Y50bn after last October's shake-out of the Tokyo Stock Exchanges. They are now recovering to the level of last year's monthly average of Y250bn, according to securities industry experts.

Next month, both Mitsubishi Real Estate and Mitsui & Co. are scheduled to float $300m worth of bonds with equity warrants, underwritten by Nikko Securities and Nomura Securities respectively. The issues will be the second largest yet seen after Mitsubishi Corporation's $400m issue last April.

Against the background of firm trading in warrant bonds, coupons on new deals have already declined to 3 per cent level. The underwriting houses see that these two large deals will be certain to gain coupon of 2 per cent level.

EURODOLLAR WARRANTY BONDS ISSUING SCHEDULE FOR MARCH

Mitsubishi Real Estate	$300m
Nikko Mitsui and Co.	$300m
Nomura Mitsui Real Estate	$200m
Nomura Keihin Electric Express Railway	$100m
Yamaichi Matsushita Electric Trading	$100m
Nomura Best Electric	$70m
Nikko Keihanshin Real Estate	$50m

Credit Suisse gives bonds golden lining

By John Wicks in Zurich

CREDIT SUISSE, Switzerland's third biggest bank, is to issue SwFr 200m of 10-year bonds with linked warrants entitling holders to buy gold.

The issue follows a similar deal by Bank Leu a year ago. The bank foresees the offer at par of bonds with a nominal value of SwFr 4,000, each carrying ten warants.

Each warrants entitles the holder to buy a total of 100 grammes of 999.9/1,000 fine gold between March 20, 1987, and March 20, 1990, at SwFr 2,315. This compares with a gold price in Zurich yesterday of some SwFr 2,017.50

The bonds, which will be listed on Swiss stock exchanges, are expected to have a coupon of 3 per cent.

Bank of America to sell two German units

By Haig Simonian in Frankfurt

BANK OF AMERICA'S West German subsidiary, which last year lost DM 32m ($17.5m), is discussing the sale of its Visa credit card offshoot and its consumer banking chain.

Bankhaus Centrale Credit, better known as CC Bank. The sale is part of the troubled US bank's continuing policy of shedding overseas retail banking activities.

Negotiations on the sale, which is being handled in London by Morgan Grenfell, the UK merchant bank, "are proceeding well," according to Mr Mike Seibel, a senior vice president of Bank of America in Frankfurt.

Conversations with interested parties began in early December, prompted by the sale of Bank of America's Banca d'Italia subsidiary to Deutsche Bank.

CC Bank is a consumer finance business with 26 branches, four loan production offices and some DM 900m in total assets. It has 550 employees.

The company is similar to, though much smaller than KKB, Citibank's West German consumer finance subsidiary.

Through Visa Card Services, Bank of America operates Germany's only Visa card network, with 130,000 cards in circulation and some 79,000 customers.

It had originally been intended to sell both businesses as a package. This is no longer the case.

The Visa card operation network may be the more interesting part of the package to buyers. Unlike West German charge cards, Visa offers a full credit facility, and its parent company, Visa Card Services, has a full West German banking licence.

There is considerable speculation over the potential buyers for the two activities. West Germany's co-operative banks are said to have shown interest in the Visa business, though this would mean breaking the country's present cheque and charge card cartel.

Both domestic and foreign institutions are said to have expressed interest in the two businesses, including some companies at present outside the traditional banking field which want to break into consumer finance.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 25

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	98⅝	99⅛	+0⅛	+0⅜	7.78
A/S Eksportfinans 7⅞ 93	100	99¼	99⅝	+0⅛	+0¼	7.71
Australia Com. 11 95	200	116½	117⅛	+0⅛	+0½	8.12
Austria 7¾ 97	200	98⅜	99⅛	0	+0⅛	[illegible]
BP Capital 9¼ 94	100	107⅜	107⅞	0	+0⅜	[illegible]
British Telecom 7⅝ 96	250	97⅛	97¾	0	+0¼	[illegible]
Campbell Soup 10½ 95	100	112⅝	113⅛	+0⅛	0	[illegible]
Canada 9 96	1000	107⅛	107⅞	0	+0¼	[illegible]
Canadian Pac. 10¼ 93	100	109⅞	109⅝	+0⅛	+0½	[illegible]
CCCE 7⅛ 91	113	99⅜	99⅞	0	+0⅛	[illegible]
CNCA 7¾ 91	150	99⅞	100	0	+0½	[illegible]
Citicorp 8¼ 93	200	99	99½	0	−0¼	[illegible]
Credit Lyonnais 9 91	200	105¼	105¾	+0⅛	0	7.37
Credit National 9¼ 93	150	106½	107	0	+0⅜	7.68
Credit National 7¾ 91	150	99⅜	99⅞	0	+0¼	7.34
Denmark Kingdom 7⅛ 92	500	97¾	98¼	+0⅛	+0½	7.62
Denmark Kingdom 8¼ 91	300	102⅞	103⅜	0	+0¼	7.44
EEC 7 91	100	99¼	99¾	+0⅛	+0½	7.15
EEC 8¼ 96	100	102¾	103¼	0	−0¼	7.77
EEC 8⅝ 91	150	105¼	105¾	+0⅛	+0⅜	7.00
EIB 7⅝ 93 A	100	100⅛	100½	+0⅛	+0½	7.57
EIB 7⅝ 93 B	100	99⅞	100¼	0	+0⅜	7.59
Eurofima 7¾ 91	100	101⅛	101⅝	0	0	7.32
Finland 7⅞ 97	200	99½	100	0	+0⅜	7.91
Finland 7½ 93	200	99⅛	99½	−0⅛	+0⅜	7.64
Ford Motor Cred. 10½ 91	150	110⅜	110⅞	0	+0½	7.70
Ford Motor Cred. 11⅛ 90	100	110⅜	110⅞	0	+0⅜	7.27
Gen. Elec. Cred. 10¼ 00	200	†105⅜	105⅞	0	+0⅜	9.35
GMAC 10¼ 89	200	105¼	105¾	0	+0¼	7.02
GMAC 8½ 93	200	103	103½	0	+0⅜	7.81
IADB 9⅞ 95	200	111⅝	112⅛	+0⅛	−0¼	7.94
Liberty Mutual 8½ 96	150	102½	103	0	+0¼	8.06
LTCB of Japan 8 91	100	102⅜	102⅞	0	+0¼	7.27
Merrill Lynch 8¾ 91	100	103⅝	104⅛	0	+0⅜	7.73
Mercds.-Benz Cred. 7½ 93	100	101¼	101¾	0	+0½	7.19
Mitsubishi Fin. 7⅞ 93	100	99⅜	99⅞	0	+0⅜	7.94
Mutual America 7⅞ 92	100	100⅛	100⅝	0	+0½	7.52
Nisshin Steel 7⅞ 92	70	*†100	100	0	+0⅜	7.62
Norway Kingdom 7¼ 91	500	99⅝	100⅛	0	+0⅜	7.20
Pepsico Inc. 7⅞ 93	200	98½	99	0	+0⅜	7.62
Qantas Airways 10⅜ 95	140	112¾	113¼	+0⅛	+0½	8.26
Queensland Govt. 10¼ 95	100	111½	112	+0⅛	+0⅜	9.17
Ralston Purina 11¾ 95	150	†115⅝	116⅛	0	+1⅛	8.88
Saab Scania 9½ 91	125	106¼	106¾	+0⅛	+0⅜	7.55
Saskatchewan 10¾ 92	100	112⅝	113	0	+0⅜	7.63
State Bk. S. Aust. 9¼ 93	100	106⅜	106⅞	0	+0⅜	7.84
Statoil 10 90	170	108	108½	+0⅛	+0⅜	7.19
Swed. Exp. Cred. 7¼ 91	100	99¼	99¾	+0⅛	+0⅜	7.37
Swed. Exp. Cred. 10 92	100	110⅝	111	+0⅛	+0⅜	7.44
Sweden 8¾ 96	200	105¼	105¾	0	+0½	7.88
Sweden 7 92	250	98⅞	99⅜	+0⅛	+0¼	7.21
Sweden Kingdom 10⅞ 90	200	110⅜	110⅞	0	−0⅛	7.05
Sweden Kingdom 7 91	250	99	99½	0	+0½	7.18
Taiyo Finance 7¾ 94	100	98⅞	99½	+0⅛	+0¼	7.92
Toyota Motor Cred. 8 89	200	102	102½	0	+0¼	6.89
Toyota Mtr. Cred. 7¼ 92	150	98½	99	+0⅛	+0⅛	7.43
Victorian Rep. 11⅝ 92	150	115⅜	115⅞	0	+0⅜	7.82
World Bank 7 92	300	99¼	99¾	0	+0¼	7.12
World Bank 8½ 16	150	†99½	100	0	+0¼	8.52
Yasuda Trust Fin. 8½ 93	100	102⅞	103	0	+0⅛	7.94

Average price change on day 0 on week +0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	107⅞	108⅜	+0¼	−0¼	6.57
Austrian Elec. Co. 6½ 95	150	101⅛	101⅝	+0½	−0⅛	6.26
BMW 5¾ 96	200	91⅞	92⅜	0	−0¼	6.39
Daimler Benz Int. 5¾ 01	500	92¼	92½	−0⅛	−0¼	6.62
Dow Chemical 5⅞ 96	300	93⅞	94½	0	−0⅛	6.49
Dow Chemical 6¾ 95	300	101¼	102	−0⅛	−0⅛	6.49
EIB 5½ 98	150	92⅝	93⅛	0	−0¼	6.39
EIB 6⅛ 96	300	98⅜	99⅛	+0⅛	−0⅛	6.30
EIB 6⅞ 95	300	103⅞	104⅛	+0⅛	+0⅛	6.30
EIB 6 97	300	97⅛	97¾	0	−3	6.33
Embart Corpn. 6¼ 95	175	101¼	101¾	−0⅛	+0⅛	6.49
[illegible]						

SWISS FRANC STRAIGHTS: [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Expr. OS Cr. 5⅞ 91	20	103¾	104¼	−0⅛	+0⅜	4.78
Denmark 6⅞ 96	10	107⅞	107⅞	+0⅛	+0⅜	5.33
Denmark, Kingdom 5⅛ 92	130	101½	101½	−0⅛	+0⅜	4.80
[illegible]						

OTHER STRAIGHTS: [illegible]

FLOATING RATE NOTES: [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem.
[illegible]						
Asics 5 92 DM	12/83	472	124⅛	125⅛	−2	3.92
Minolta Camera 2¾ 94 DM	2/86	1105	93⅞	94⅞	0	67.67
Ajinomoto 3 99	4/84	984	*†385	386	0	−0.04
Chiba Bank 2⅞ 02	1/87	830	139¾	140¾	−3¾	−3.85
Fanuc 3¾ 98	1/84	3564	†228	229	+1	1.54
Fuji Bank 2¾ 00	10/85	1623	239½	241½	−3	0.85
Fuji Heavy Industries 3 00	8/85	676	†110½	112	−2½	−0.74
Fujitsu 3 99	5/84	1109	124⅛	126	−0¼	0.68
Mitsubishi Bank 2⅞ 00	8/85	1715	†229	231	−5¾	−0.45
Mitsubishi Trust 2½ 01	5/86	1600	251½	253¼	−1½	−0.10
Mitsui Bank 2⅞ 01	4/86	1819	189½	191½	−4⅞	−1.12
Mitsui Trust 2⅞ 01	10/86	1990	130¼	131¼	−3⅛	2.41
Murata 3½ 00	7/84	1998	137	139	−4	−4.78
Nippon Elec. 2⅞ 00	1/85	1295	247¼	249¼	−0¼	231.25
Nippon Oil Co. 3 00	5/85	923	†203	205	−0½	−0.10
OKI Elec. Ind. 3½ 99	10/84	605	†120	121½	−1¼	0.39
Sanwa Bank 2¾ 00	10/85	1442	†245	247	−2⅞	0.43
Sumitomo Bank 2¾ 00	8/85	2142	240½	242½	−6⅞	1.64
Toshiba Ceramics 3 00	4/85	1734	†119½	120½	−0¼	0.28
Nippon Oil Co. 2⅛ 92 SFr	3/84	1001	†123	124	−7	2.32
Yokohama Bank of 2⅞ 01	10/86	3045	134½	136	−4	−4.22

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

NOTICE OF REDEMPTION

To the Holders of

INTERNATIONAL STANDARD ELECTRIC CORPORATION

12% Sinking Fund Bonds due 1996

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture dated 15th March, 1984 (the "Indenture"), between International Standard Electric Corporation and Bankers Trust Company, Trustee, that $7,796,000 principal amount has been selected by the Trustee for redemption on 15th March, 1987 at the principal amount thereof in accordance with the Sinking Fund provided for in Section 3.06 of the Indenture. The following are the serial numbers of the Bonds which will be redeemed in whole.

16	1562	3208	4811	6470	8077	9532	11083	12619	14468	16245	17977	19509	21245	22844	24685	26233	27794	29428	31287	33047	34662	36216	37800	39483	41073	42809	44514	46448	47907	49622	51082	52431	54020	58701	60413	62296	63941	65814	67193	68679	70196	71731	73159	74536
21	1578	3209	4813	6451	8080	9536	11086	12634	14502	16246	17985	19511	21246	22847	24721	26234	27795	29451	31292	33052	34671	36224	37804	39495	41081	42810	44516	46452	47913	49632	51086	52500	54022	58710	60415	62308	63955	65815	67196	68709	70219	71740	73164	74538
23	1595	3215	4820	6483	8109	9553	11097	12649	14507	16251	17986	19515	21249	22849	24724	26250	27798	29458	31306	33065	34682	36231	37808	39499	41082	42816	44525	46460	47916	49633	51091	52503	54027	58712	60434	62315	63968	65819	67201	68722	70221	71763	73168	74554
26	1614	3222	4838	6506	8112	9557	11105	12660	14524	16255	17989	19531	21262	22856	24730	26255	27806	29462	31321	33067	34693	36242	37822	39500	41101	42818	44526	46464	47918	49638	51098	52505	54034	58721	60438	62319	63981	65829	67215	68725	70237	71764	73173	74576
35	1618	3240	4848	6510	8128	9566	11119	12665	14541	16260	18015	19541	21271	22882	24736	26256	27807	29463	31322	33090	34697	36255	37827	39501	41102	42832	44588	46473	47922	49641	51106	52515	54053	58727	60444	62325	63985	65843	67216	68727	70254	71775	73190	74594
52	1627	3254	4860	6525	8132	9568	11130	12673	14564	16262	18018	19556	21272	22883	24747	26259	27813	29497	31339	33092	34699	36257	37846	39511	41104	42846	44590	46479	47927	49665	51111	52518	54042	58735	60453	62335	63994	65846	67232	68734	70287	71782	73192	74595

Accordingly, on 15th March, 1987 the Bonds so designated for redemption will become due. Payment will be made upon presentation and surrender thereof of the above Bonds at one hundred percent (100%) of the principal amount thereof in United States Dollars, at the option of the holder, subject to any applicable laws or regulations in the country where each of the following offices are located, at the City Offices of Bankers Trust Company in London, at the main office of Bankers Trust Company in Paris, at the office of Bankers Trust GmbH in Frankfurt, at the office of Banque Indosuez Belgique Brussels, (formerly Banque du Benelux S.A. Brussels), at the office of Banque Generale du Luxembourg S.A. in Luxembourg or at the office of Swiss Bank Corporation Basle.

In accordance with Section 7 of the Bond, the Bonds designated for redemption will be payable on the Business Day (as defined in the Indenture) following 15th March, 1987, at any of the Paying Agents listed above.

The redeemed Bonds should be presented with all Coupons maturing after 15th March, 1987. Coupons maturing on 15th March, 1987 and prior thereto should be detached and surrendered for payment in the usual manner. From and after 15th March, 1987 interest on redeemed Bonds will cease to accrue.

INTERNATIONAL STANDARD ELECTRIC CORPORATION

By BANKERS TRUST COMPANY, Trustee

26th February, 1987.

UK COMPANY NEWS

Scandinavian Bank lists its unique shares at 210p

BY DAVID LASCELLES, BANKING EDITOR

Scandinavian Bank, the UK-registered consortium bank, yesterday put a price of 210p on the unique multi-currency shares which it is selling on the London market. At this price, the bank is valued at £167m.

The issue will result in 34.5 per cent of Scandinavian's equity being held in the open market. The remainder will continue to be owned by Scandinavian's five Nordic bank shareholders.

The £57.75m worth of shares are to be offered as units consisting of a basket of currencies: 10p, 10 US cents, 10 German pfennigs and 10 Swiss centimes. But the shares will be listed in sterling and have their dividends paid in sterling.

The application list will open on March 4, and dealings will start on March 11.

The offer price, which was agreed in conjunction with Morgan Grenfell, the merchant bank, and Cazenove, the brokers to the issue, implies a historic earnings multiple of 8.1 times. This is slightly higher than the clearing banks but below some of the merchant banks and the recently-floated TSB. The net assets per unit after the offer will be 192.8p.

The prospectus contains no profit forecast for 1987. But it says that barring unforeseen circumstances, the total dividends for the year will be not less than 8p. This represents a prospective gross dividend yield of 5.4 per cent, which is slightly less than the average of the clearing banks.

Last year, Scandinavian Bank earned £26.4m pre-tax, up from £14.2m in 1985. With £3.5bn of total assets, it is the 11th largest banking group in the UK. Of the £53.7m which it will receive from the offer after expenses, about £27.2m will be retained by the bank to finance future expansion.

Mr Garrett Bouton, the chief executive, said the issue had generated a heavy response. More than 25,000 people had applied for the prospectus and the range of institutions which had expressed interest was wider than expected. However, Scandinavian Bank recognised that this was an unusual issue and had priced it at what it believed to be discount in order to ensure its success. He said the bank expected the units to trade at a premium of 10-15 per cent on flotation.

The reaction in the City to the price was mixed. Analysts said Scandinavian was a quality institution with a good recent earnings record. However, the issue was complex and many investors would shy away from it because of that.

Scandinavian won a landmark High Court judgment in December allowing it to convert its sterling capital into four currencies. This was to protect it from currency volatility, and to add greater certainty to its planning.

See Lex

Cowie doubles to record £8.2m

STRONG performances by both its finance and motor activities enabled **T. Cowie** to raise its profits from £4.06m to a record £8.21m pre-tax for the 1986 year.

Cowie, which in recent months made clear that it was on the lookout for acquisitions, confirmed two weeks ago that it had taken a 14.96 per cent stake in Lookers, a Manchester-based car distributor.

Earnings for 1986 worked through 20.8p higher at 43.56p per 5p share on a net basis. A final dividend of 4.75p raises the total by 3p to 6.5p net.

Profits by division broke down as to finance £5.07m (£2.78m), motor £3.17m (£1.81m), coach travel £246,000 (£152,000), agriculture loss £32,000 (profit £301,000) and fire, safety and security £74,000 (£81,000).

The directors said yesterday that they were continuing to review a number of proposals to restructure the finance activities to the best long-term advantage of shareholders.

They added that the strong growth in profitability of the dividend emphasised its value to the group and its significant potential.

They anticipated further expansion and progress in activities and were confident of improved results in 1987.

Contract hire, leasing and hire purchase all produced substantial improvements in both volume and profitability.

All franchises held by the motor division showed substantial improvements in all areas with the exception of new vehicle sales due to the continuance of low margins the motor manufacturers. and reduced incentives from

Rationalisation of the coach activities resulted in an improved performance.

Trading in the agriculture division was adversely affected by reduced demand following a poor year for farmers. The directors anticipated a return to profitability in 1987.

Tax for the past year accounted for £1.09m (£566,000) and minorities for £9,000 (£33,000). Turnover was static at £217.03m (£217.71m).

● comment

It is the synergy between Cowie's finance and motor activities that has enabled it to double earnings and in response to this the shares rose by over £1 to 413p. In 1984, Interleasing was acquired, adding 12,000 vehicles to a contract hire fleet of just under 4,000. Wait 31 months, the average life of the cars, and bang, the profit on the sale of the second-hand vehicles drops straight into the finance division's till. No wonder that the plans to float off half of this area have been dropped and £100m of longer-term bank loans are now seen as the answer to the funding problem. As all of Cowie's finance activities are related to its motor side, expansion will be driven by searching out targets among contract hire companies and main dealers. The only question then is whether the management is good enough at selling second hand cars to protect residual profits. After Jaguar blocked its Appleyard move, Cowie has taken a shine to Lookers, which has not warmed to this second approach by a predator within six months. Unless the second-hand car market collapses, £10m pre-tax should be passed this year which has the shares on a prospective rating of just over 9.

Falcon faces wind-up order

BY PHILIP COGGAN

Falcon Resources, the oil and gas company which has had its shares suspended from the market since October 1985, is to face a compulsory liquidation order in the High Court in July.

The news was announced by Owl Creek Investments, the OTC-quoted oil company which has fought a dogged legal battle with Falcon over the past year.

Falcon joined the market in July 1984 via a rights issue at 85p and touched 520p early in 1985 on expectations of substantial oil and gas reserves. After a scrip and sub-division they plummeted to 45p (pre-scrip 135p) before the suspension.

At the time of the suspension, Mr Ronnie Monk, Falcon's chairman, talked of "a substantial acquisition" and promised details "within 16 days" but the deal fell through and despite occasional optimistic statements from Mr Monk, Falcon has never returned to the market.

Owl Creek was formed by a group of investors in a drilling programme at the eponymous Colorado site. Its operator was Falcon-Andrau Energy, a company one-third controlled by Falcon interests, a subsidiary of Falcon Resources;

OCI also announced the completion of its purchases of Melinga Resources, a Canadian-listed oil and gas group, and agreement on drilling programmes at seven wells in Hughes County, Oklahoma.

Union fears Lucas plans to sell off subsidiaries

By John Griffiths

Lucas Industries, the engineering group, may be preparing to sell off many of its electrical automotive components subsidiaries, TASS, the manufacturing union, claimed last night.

Lucas declined to comment. However, after giving evidence to the Commons Select Committee on Trade and Industry yesterday, Mr Jack Gill, deputy chairman and group managing director of Lucas Industries, said that the company was now looking for collaboration in the electrical, automotive components and aerospace sectors.

However, following a meeting with the management, the TASS view was that the Lucas Electrical subsidiary appeared committed to retaining only two businesses in the automotive sector — vehicle lighting and engine management systems.

Mr Chris Darke, a TASS national official, said that the union's concern over the future of Lucas' automotive operations now went well beyond the possible impact on the company—of the sale of Leyland Trucks to DAF.

According to the union, a number of Lucas electrical operations, notably its small motors and screenwipers operations at the Great King Street, Birmingham, plant; batteries; starters; alternators and switchgear, appeared to be the subject of interest from foreign groups.

Union officials said that several Japanese delegations had been observed at Lucas' switchgear plant at Burnley, and at its vehicle-battery producing facilities.

Both General Motors, through its AC Delco components division, and Robert Bosch, the West German components maker, thought by TASS to have been involved in at least informal discussions about Lucas' small motors and starter/alternator businesses respectively. However, no comment was available from the companies last night.

Although Mr Drake acknowledged that all these contacts could merely involve exploring collaboration possibilities, he said that "the City is being told the whole story but the unions are not. We believe that Lucas is preparing the City for some kind of announcement before the end of March."

Pres. Entertainments forecasts £2m

President Entertainments has acquired the leasehold premises, businesses and associated assets of five pasta restaurants — the Pasta Bars — operated by Oakspear and Witpark for £2.15m excluding expenses.

At the same time, Mr Robert Earl, chairman, said that he estimated pre-tax profit for 1986 would be not less than £2m, compared with £1.4m for the previous year. He believed that the excellent record of growth would continue.

The consideration for the Pasta Bars will be satisfied by the issue of 1.7m new ordinary shares which have been placed with institutions at 133½ per share.

Andrew Gowers on a crucial ruling in the fight for British Sugar

A sour end to a sweet struggle

TOMORROW, IT will be exactly from everyone from sugar buy-British Sugar Corporation came into public play, when it was revealed that Ferruzzi, the privately-owned Italian agribusines group, was interested in acquiring it.

Yesterday, after 12 months in which S. & W. Berisford, the commodity group which is British Sugar's parent, flirted with several major companies, the UK beet sugar monopoly appeared to be almost back to square one.

In a move which took few observers by surprise but disappointed all the participants, Mr Paul Channon, the Trade and Industry Secretary, blocked attempts to gain control of the Peterborough-based company by Ferruzzi and by Tate & Lyle, the cane refiner which is its only significant UK rival. He was acting on strong recommendations from the Monopolies and Mergers Commission, which said that acquisition by either company might be expected to act against the public interest.

Berisford, which wanted to sell a 70 per cent stake in its profitable subsidiary to Ferruzzi for £425m in order to generate cash, has been frustrated in an important part of its balance-sheet restructuring programme.

Ferruzzi has been prevented from undertaking a major expansion of its agricultural empire which it hoped would give it a bigger voice with the EEC authorities in Brussels.

And Tate, which mounted a bid for Berisford with a view to obtaining British Sugar, has seen the end of its ambitions to unify the British sugar market, and set the future of its troubled UK refining operations on a more stable foundation.

The MMC report, its second on British Sugar in just over five years and said to be its longest on any subject, treads a wary path through the minefield of competition and political issues which the industry now presents.

Apart from the companies themselves, it heard evidence from evxeryone from sugar buyers to farmers.

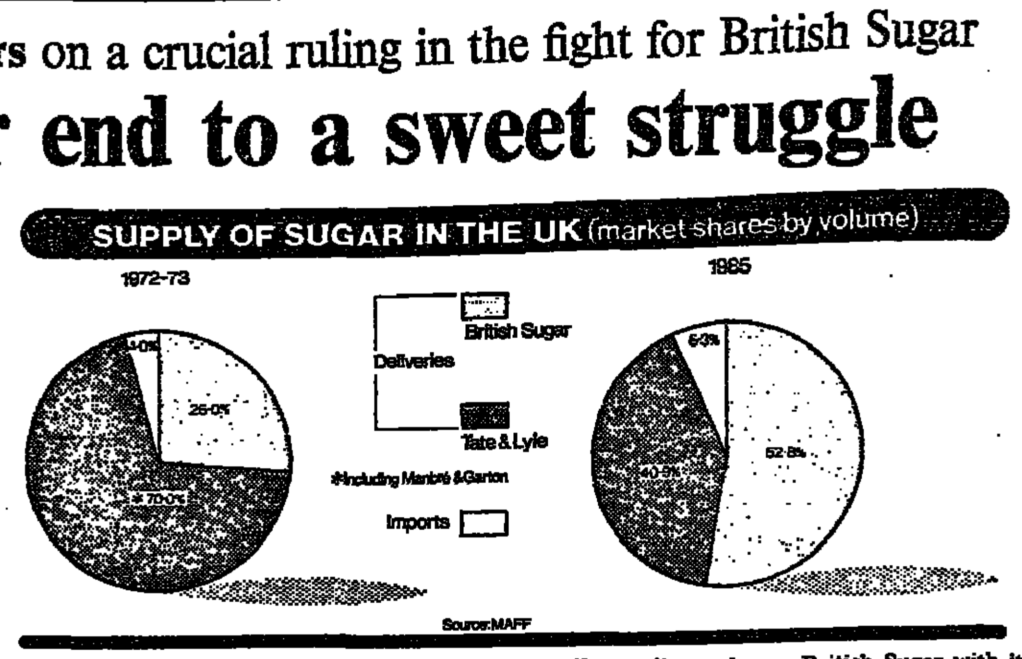
Once again, it comes to the inescapable conclusion that the scope for real competiton in supplying the £950m-a-year British market with sugar is already "severely limited."

What is more, the Commission acknowledges a contention that has been a central part of Tate's argument all along: that it suffers a serious structural disadvantage under EEC regulations that are principally designed to protect beet producers; that it is in essence a price follower rather than a price setter and is therefore exceptionally vulnerable.

But the report goes on to demolish large parts of the case put up by both would-be bidders. Tate, for example, which would control about 95 per cent of the British market if it had been allowed to acquire British Sugar, argued that this would not materially reduce competition because imports from the Continent would prevent it from using its dominant position to raise prices unreasonably.

The Commission says, by contrast: "We consider that if the merger took place there would be a reduction in competiton. This would be likely to result in price increases . . . likely to be sufficient to be detrimental to manufacturers and to be passed on to domestic consumers.

Ferruzzi, for its part, has no UK sugar interests at present, but it controls large swathes of the industry in Italy and France respectively through its Eridania and Beghin-Say subsidiaries. Acquisition of a dominant stake in British Sugar would give it control over about 25 per cent of all EEC sugar production quotas. Much more than in the case of Tate, its bid also aroused furious opposition from almost all those who gave evidence to the Commission's inquiry.



Brushing aside Ferruzzi's copious assurances to the contrary, the Commission pinpoints three adverse effects which this concentration might have in the UK market:

- It might restrict the ability of merchants and major users to import sugar from the Continent. "This would raise the ultimate ceiling on United Kingdom sugar prices and sooner or later could be expected to lead to higher prices whatever pricing strategy the merged company initially pursued," it said.
- The enhanced influence which Ferruzzi would undoubtedly wield in Brussells could be used to the detriment of UK interests.
- Ferruzzi's ownership of British Sugar would "be detrimental to the maintenance of independent cane refining in the UK."

Significantly, the Commission extends this proviso to "any company which is a large beet refiner in the Community with considerable quantities of quota sugar available for export" — a remark that will be read with dismay by other EEC sugar companies that are rumoured to have been eyeing up British Sugar.

It also orders Ferruzzi to reduce its holding in Berisford from its present 23.7 per cent to a maximum of 15 per cent over the next two years and says that in the meantime the Italian company should not be permitted to exercise voting rights over more than 15 per cent of Berisford's issued ordinary share capital. This is because, although Ferruzzi cannot exercise day-to-day control over British Sugar with its current holding, the Commission believes that it does have an interest in encouraging British Sugar to formulate policies with similar effects to those listed above.

The news is not all bad for everybody involved, however. For as Tate & Lyle was at pains to point out yesterday, the Commission has strongly acknowledged the main fact which caused the cane refiner to bid for Berisford in the first place — the structural weakness of its UK margins, which Tate has warned in the past could eventually force it to close one or both of its existing UK factories, at Greenock in Scotland and at Silvertown in east London.

In a most unusual passage, the report says: "The problem of the cane refineries is essentiallys a political one to which a political answer should be sought."

It recommends that the Government should make every effort in Brusels to negotiate an increase in the cane-refining margin—set under EEC rules.

And failing that, it says that the Government should consider some other from of long-term assistance for the cane industry, either through a reduction in the price paid to Third World suppliers (offset perhaps by development aid) or through a direct subsidy to Tate.

Mr Channon, in his statement yesterday, sounded distinctly evasive about these suggestions, saying that the cane margin is a Community matter. But he should be in no doubt of the force with which Tate intends to press them home.

Yorks. Chemicals advances 77% to £3.2m

Yorkshire Chemicals continued to progress through the second half of 1986 and for the full year returned profits of £3.23m at the pre-tax level.

That was an improvement of 77 per cent over the previous year's £1.83m and a shade ahead of City expectations.

Group sales increased from £34.17m to £40.18m with strong growth recorded by each operating division—dyes, tanning materials and speciality chemicals.

The directors said the 18 per cent rise in sales and better profit margins (they improved from 5.4 per cent to 8 per cent) mainly reflected a further fundamental improvement in manufacturing efficiency, marketing effectiveness and working capital control.

Trading conditions also became more favourable as the year progressed, in part a consequence of the weakening of sterling against European currencies.

Meanwhile, shareholders are to receive a 5p dividend for 1986, the final being 3.5p. Last time they were paid a single dividend of 3p.

Operating profits rose from £2.6m to £3.89m. Interest charges were cut to £656,000 (£768,000) but tax took slightly more at £595,000 (£408,000).

Undiluted earnings worked through at 19.3p (10.5p) per 25p share: diluted, the figure amounted to 16.4p (10.2p).

● comment

Once again Yorkshire Chemicals' colours division provided an unexpected fillip to group profits, and the better-than-expected results took the shares up 10p to 240p. Speciality chemicals suffered from ICI's decision to set up its own sulphone manufacturing capacity, but the loss of business on that side was easily outweighed by further efficiency gains in the colours division and a second-half firming of dyestuffs prices in the Far East. The current year will bring the conversion of the outstanding loan stock into 4m ordinary shares, so around £400,000 will come off the interest charge, and that combined with a bright outlook for colours and new customers for speciality chemicals should produce around £4.3m. The prospective p/e multiple of 12 looks undemanding, but it is probably high enough given the cyclical nature of Yorkshire's markets and the distant prospect of its UK tax losses running out.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Ashley Ind Trust	0.5	—	nil	0.5	nil
BPP Holdings	‡3.36	—	—	5.6	—
T. Cowie	4.75	Apr 9	2.25	6.5	3.5
E & S Investors ord int	1.05	Apr 3	0.9	1.55	1.4
E & S ...B int	0.02	Apr 3	0.02	0.02	0.02
Eleco int	2	May 7	1.5	—	4.6
Electron House int	†‡1.5	Apr 16	1.4	—	3.4
First Scot Am Tst	7.5	Apr 29	6	12	10
Foreign and Col	1.16	Apr 9	0.99	1.69	1.47
Merivale Moore int	1.5	Apr 16	1	—	3
Miss World	‡4.5	—	4	6	5.2
Pittard	4	May 13	2.76	5.12	3.72*
Ramus Holdings int	‡2	May 7	1.5	—	5.4
Wates Properties	1.77	—	1.54	2.54	2.31
Yorks Chemicals	3.5	—	3	5	3

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

UK COMPANY NEWS

Hepworth considers making contested bid for Qualcast

BY MIKE SMITH

Hepwort Ceramic Holdings, the building materials company, was last night considering whether to launch a contested takeover bid for Birmid ualcast, the lawnmowers, boilers and foundries company, after merger talks between the two groups broke down.

If Hepworth decides to go for a takeover the contest seems certain to be bitter. After five hours of negotiations Birmid said yesterday that Hepworth's case for a merger was unconvincing.

"It appeared to reflect weaknesses in Hepworth rather than provide any opportunities ore meaningful benefits for Birmid," said Mr Peter Prateley, managing director.

Mr Sinclair Thomson, Hepworth chief executive, retorted that yesterday's meeting was more like talks with a union than merger negotiations between two companies.

"There was no willingness on their part to consider any strategic discussions," he said.

Folowing Birmid's revelation last Friday that Hepworth had acquired a 4.9 per cent stake in its equity, the company's share price has shot up from 187p to 273p, with 9p of the rise coming yesterday. At 273p, Birmid is capitalised at £185m.

Hepworth sees a merger as a chance to produce a combined group with significant growth prospects from two companies in largely maturing markets.

The key to its thinking is the common ground which it claims exists between its clay pipes and plastics, Birmid's heating controls and Potterton boilers and both companies' bathroom and sanitaryware divisions.

If it won a takeover these would form a building and consumer products division providing more than half the enlarged group's turnover and more than 70 per cent of its profits.

Hepworth says its British Industrial Sands company would also be a good fit with Birmid's foundries. BIB already provides £2.5m of sands and resins to Birmid, says Hepworth.

Mr Thomson believes his company's marketing skills could make better use of Bi3mid's highly regarded Qualcast and Potterton brand names.

Mr Prately said yesterday he could see little synergy between the two groups. "Yes, they have a building materials group and we have a building materials group but the areas in which they relate are very small," he said.

Birmid strongly urged its shareholders not to sell their shares in the market. If Hepworth launched an offer it would advise shareholders on what action to take.

By last night Hepworth had acquired more than 10 per cent of Birmid's equity. Its own shares closed up 1p at 213p. At that price the group is capitalised at £334m.

Westwood worse than forecast

BY JANICE WARMAN

Westwood Dawes, a mechanical handling engineer, has produced year-end losses before tax of nearly £300,000—50 per cent greater than the £200,000 forecast in December 1986.

Mr Dan Slabbert, who was appointed managing director after Mr Roger Allsop's resignation in September last year, was yesterday unavailable for comment.

Westwood issued a circular warning of the loss for the year to December 1986 to avoid a false market in its shares. It had predicted a better second half after midterm losses of £68,130.

Loss before tax was £298,938, compared with profits for 1985 of £101,937. Turnover was up by 8.4 per cent from £1.48m to £1.6m.

Extraordinary debits rose from £26,398 to £123,933. Loss per share emerged at 5.2p against previous earnings of 2.54p.

Mr Slattert said in December that the company had identified and tackled the problem areas and was confident of a return to profitability later this year.

It planned to spend between £150,000 and £200,000 to set up an in-house sales and marketing team and a similar figure on plant and equipment.

The modernisation of its Stowbridge factory would enable it to escape the higher costs of the small-order jobbing side by moving into more lucrative larger contracts, he said.

Westwood's shares closed 10p lower at 43p.

Ramus

Ramus Holdings, a USM-quoted ceramic tile distributor, raised its turnover to £16.88m and its profits before tax to £508,000 in the half year to end-December 1986, improvements respectively of £2.1m and £297,000 over the figures reported for the same period of 1985.

The interim dividend is being stepped up to 2p (1.5p) net from earnings per 25pu share of 7.1p (3p).

Sales for the opening week of 1987 were in line with budget

Merivale profits soar

PRE-TAX profits at Merivale vale Moore, property company, soared from £617,000 to £2.45m in the six months to December 31 1986. The figure exceeded the £2.3m achieved in the whole of the previous year. The interim is raised from 1p to 1.5p.

Turnover rose substantially from £3.2m to £7.93m, with residential construction benefiting from the property boom in Central London. The results also include sales of some commercial property developments, and reflect also a 94 per cent increase in commercial property rents as compared with the same period in the previous year.

Cost of sales rose from £2.1m to £4.63m, and net rental income increased from £333,000 to £538,000. The pre-tax figure was after higher interest charges of £762,000 (£434,000), and administration expenses totalled £634,000 against £419,000.

L and N reaffirms opposition to Demerger

By Nikki Tait

THE board of London and Northern, which is currently facing a £90m bid from Demerger Two, yesterday reaffirmed its opposition to the Demerger scheme and advised shareholders to take no action.

The statement followed Tuesday's announcement by Demerger that it owned, had recently bought or had received acceptances in respect of just over 65 per cent of L and N's shares, and was closing its 81p a share cash alternative. The board has previously recommended the cash alternative.

The L and N board said that it still believed the Demerger proposals were "naive and destructive — stripped of the uncertain cash alternative, they are utterly without merit."

Shortly before the board's announcement, the company issued a retraction of certain statements made to the press by Mr Jock Mackenzie, chairman of London and Northern. In these, Mr Mackenzie suggested that the dissent expressed by Mr John Mackenzie—his son, also an L and N director, who remained opposed to the bid in all forms—"gave shareholders an indication of what our views are." The retraction was made at the request of the Takeover Panel.

British Gas stays silent on Norwegian stake

By Max Wilkinson, Recources Editor

BRITISH GAS yesterday refused to comment on a report by Norwegian State Radio that it was holding talks with Saga, the troubled Norwegian oil company with a view to taking a minority stake.

Speculation has surrounded Saga for some time since the collapse of talks with the Norwegian subsidary of Elf Acquitaine of France which was interested in taking control of Saga.

Although Saga has faced severe financial difficulties, particularly after the collapse of the oil price last year, it holds stakes in a number of large Norwegian oil and gas fields, including the giant Troll field, which could be of interest to a foreign company prepared to take a medium-term view.

The difficulty faced by all foreign companies is that under Norwegian law an oil company cannot count as Norwegian if more than 20 per cent of its shareholding is in foreign hands. Volvo of Sweden already owns 20 per cent of Saga so Norwegian government approval would in practice be required for any move by British Gas.

Although neither company would comment on the report, Norwegian observers have suggested that it might make sense for British Gas to take a stake in Saga if it wishes to secure gas supplies from the Norwegian sector of the North Sea in the latter part of the next decade.

SCHRODER GLOBAL TRUST: As a result of a purchase on February 6, Sun Life Assurance Society is beneficially interested in 2,570,000 ordinary (7.1 per cent).

LET forms company via £50m placing

BY NIKKI TAIT

London and Edinburgh Trust, the property group headed by the Beckwith brothers, yesterday announced the creation of a new £50m subsidiary to invest in high-yielding property.

Funding for the subsidiary—to be called LETINVEST — is coming from a placing of £35m-worth of stepped interest debenture stock plus £8-worth of cumulative participating preferred shares. LET itself will invest another £4m into preferred shares and £6m into ordinary shares.

According to LET, the stock and preferred shares have been pre-placed with around 15-20 institutions. Once the issue is complete, LETINVEST will have funds in excess of £50m.

To date, around £15m-worth of properties in Bristol, Manchester and London have been acquired or are under contract — three of them office buildings and one warehousing unit — and negotiations are under way for a further three. LET says that it expects to have the bulk of the funds raised invested by the end of 1987, and that the full portfolio will probably total up to 20 properties with a minimum value of £1m each and an average initial yield of about 10 per cent.

The debenture stock is being issued at £99.016 and will be secured by fixed and floating charges over the subsidiary's assets. It matures in 2012 and pays interest initially at 9¼ per cent rising to 11½ per cent. The preferred shares are being issued at par, pay a gross dividend of 7 per cent and participate in the growth of LETINVEST'S net asset as to 40 per cent, with ordinary shareholders enjoying the remaining 60 per cent.

Once the mony has been invested into properties, LET says it will apply to have the stock and preferred shares listed — though adds that practicality of listing may depend on the current discussions within the Stock Exchange over future trading in PINCs (the single-property bonds) and other forms of property investments.

Systems Designers warms to BAe's minority holding

BY NIKKI TAIT

Systems Designers, the UK software producer in which British Aerospace and the British Aerospace Superannuation Fund have acquired a 14.9 per cent stake following a dawn raid on Tuesday, said yesterday that it welcomed BAe "as a minority shareholder at this level."

The statement followed a meeting between the two companies and their advisers, which both sides described as very amicable.

The board statement also welcomed Tuesday's assurances from BAe that it would be in Systems Designers' best interest to remain independent, but added that it would be concerned at any significant increase in the BAe stake.

After the meeting, Mr Philip Swinstead, chairman and chief executive of Systems Designers, said the discussions had been "very constructive and very reassuring."

He cited a number of areas such as air defence systems where the two companies could work together and stressed Systems Designers had emphasised that it intended to continue with its acquisition programme.

In 1985, Systems Designers merged with Warrington Associates in the US and last month announced a £3.2m purchase of two software products from SEI Corporation.

BAe also reiterated its intention not to make a full bid but said that the question of further share purchases remained open.

Yearlings

Yearling bonds totalling £17.5m at 10⅛ per cent, redeemable on March 2 1988, have been issued by the following local authorities: Restormel District Council £0.25m; Aberdeen (City of) £1m; Lincoln (City of) £0.25m.

Public Works Loan Board rates

Effective February 25

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	10⅛	—	—	10⅞
Over 1 up to 2	10	10	9⅞	11	11	10⅝
Over 2 up to 3	9⅞	9⅞	9⅞	10⅞	10⅞	10⅝
Over 3 up to 4	9⅞	9⅞	9⅞	10⅞	10⅞	10⅝
Over 4 up to 5	9⅞	9⅞	9⅞	10⅞	10⅞	10½
Over 5 up to 6	9⅞	9⅞	9⅞	10⅝	10¾	10½
Over 6 up to 7	9⅞	9⅞	9⅞	10⅝	10⅝	10½
Over 7 up to 8	9⅞	9¾	9⅞	10⅝	10½	10½
Over 8 up to 9	9¾	9¾	9⅞	10½	10½	10⅜
Over 9 up to 10	9¾	9⅞	9⅞	10½	10⅝	10⅜
Over 10 up to 15	9⅞	9⅞	9⅞	10⅜	10⅜	10⅜
Over 15 up to 25	9⅞	9⅞	9⅞	10⅜	10⅜	10¼
Over 25	9¾	9¾	9¾	10¼	10¼	10¼

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Foreign and Colonial net asset value rises by 40%

THE Foreign and Colonial Investment Trust lifted net asset value by almost 40 per cent from 96.5p to 134.8p at December 31 1986. The proposed final dividend was lifted from 0.99p to 1.16p, making a total of 1.69p (1.47p).

Mr John Sclater, chairman, said that there had been three main reasons for the excellent results in 1986: a high exposure to Japan and a good performance within that market; substantial borrowings invested to good effect in rising markets, and the fact that borrowings had been in the weak US and UK currencies when at times almost 50 per cent of assets had been in the strong Japanese and Deutschemark-related currencies.

Looging to the future, he said that the UK and US markets had made a fine start to 1987 and that he was hopeful for markets on both sides of the Atlantic. He noted that the Japanese market continued to rise but wondered how long the extraordinarily high valuation of shares would continue to be supported by the volume of money waiting to be invested. Germany had had a setback, but he believed that there would soon be a number of interesting buying opportunities in Europe.

He added that on balance he felt that it was right for the trust to remain invested in a balanced international portfolio of equities and fixed interest securities.

Total assets at the year end amounted to £858m (£632m), making the trust the second largest in the UK, while net revenue before tax amounted to £13.3m—up from £12m. After tax of £4.2m (£4m), earnings per share rose from 1.51p to 1.72p.

● comment

While the monthly publication of net asset values for investment trusts removes the surprise element, Foreign & Colonial can be justifiably pleased that a trust of its size has remained nimble enough to outpace most indices and competitors. Within F&Cs portfolio the shift towards the UK and US has been marked—of the £227m increase in assets (less liabilities) almost £190m went into these two markets. The loser in 1986 was Japan where in spite of out-performing that market's 80 per cent rise, the decision was made to take profits and to concentrate in more liquid stocks. Altogether some £60m was taken out of this part of the portfolio and by the end of this year the weighting could well be down to around 15 per cent. Europe has also been re-weighted downwards and may end the year on a par with Japan. At 122½p, F&C currently enjoys a 17 per cent discount against its net asset value, narrower by two points than the sector average. This summer's Tokyo listing for the shares has provided the fillip — rather than PEP schemes, which have given the trust the pip.

Acquisitions give lift to Electron House

Electron House, a USM-quoted electronic component distributor, almost doubled its pre-tax profit from £239,000 to £441,000 for the six months to November 30 1986 on turnover up substantially from £3.3m to £13.6m.

Mr Robert Leigh, chairman, said that since the first half of last year, the company had been transformed: important acquisitions had been made, and the annual rate of turnover, including Bytech, which had been acquired for £3.3m in January 1987, was now running at about £40m compared with about £6m before the first of the acquisitions had been made in November 1985.

Mr Leigh reported that profit on continuing activities — £409,000 (£141,000)—was about 3½ times up on that of last time and included excellent results from VSI Electronics (Australia), Kelvin Impex, and The House of Power, of which only the latter was included last time.

He added that other subsidiaries were improving but had still to attain a satisfactory level of profitability.

An extraordinary debit of £310,000 comprised the loss on the disposal of the Hall Electric and Zaerix Electronics subsidiaries which would realise about £1m, of which £750,000 had already been received.

Mr Leigh said that this transaction and the funding method of the Bytech acquisition had resulted in a substantial reduction in the group's gearing.

After tax of £185,000 (£80,000), earnings per share — adjusted for last March's rights issue — fell from 2.92p to 1.98p as a result of the losses in businesses sold and the higher tax charge because of the proportion of profit made in Australia, which is a high tax area.

Mr Leigh reported that the company had made a number of improvements in the quality of its businesses during poor market conditions

The interim payment is lifted from 1.4p to 1.5p on the increased share capital.

APPOINTMENTS

West End regional director of NatWest

Mr Hugh G. Jones has been appointed regional executive director of NATIONAL WESTMINSTER BANK'S West End region. Previously senior executive vice president and deputy regional general manager, based in the executive office North America, he succeeds Mr Terry Clarke, who retires on February 27.

★

Mr David Lenowitz has been appointed a director of COUNTY SECURITIES, equity securities division of the NatWest Investment Bank group, and head of principal trading in traded options. He had been an independent market-maker on the Philadelphia Stock Exchange's options floor since its inception in 1976. Mr Lenowitz has also been appointed to the board of County Group, management company for NatWest Investment Bank.

★

TRAFALGAR HOUSE BUILDING AND CIVIL ENGINEERING HOLDINGS has appointed Mr Stuart Lee as financial director. He was with Toshiba UK as financial director.

★

BP CHEMICALS has appointed Mr A. M. Boden as business general manager, styrene polymers, based in Geneva. Subject to the approval of the Swiss authorities, this appointment takes effect on March 1. Previously general manager, personnel and administration at the company's head office, he succeeds Mr Michel Depraetere who has been appointed general manager of BP Chimie's Lavera site: At the same time, Mr Roger Dormeaval has been appointed polyolefins development manager in the London-based engineering and technical division. He was works general manager at Lavera.

★

Mr Shalom D. Wiseman has been appointed director of finance and corporated evelopment of OCEANIC FINANCIAL SERVICES. He was financial director of the shipping division of Burmah Oil.

★

NORBAIN MICRO has appointed Mr Gordon Towell as managing director.

★

At the MACHINE TOOL TRADES ASSOCIATION Mr S. G. Panke (managing director, Pearson Panke) succeeds Mr R. P. Bull (managing director, Jones and Shipman) as president. Mr K. A. Bailey (managing director, BSA Tools) remains first vice president with Mr A. D. Mitchell (managing director, Sidney G. Jones) becoming second vice president. Mr P. R. Brookman (chairman, R. S. Brookman) remains honorary treasurer.

★

The managing director of Patons & Baldwins Ltd, Mr Alistair L. Henderson, is the new president of the CONFEDERATION OF BRITISH WOOL TEXTILES.

★

Mr Ian Fenton has joined RTA ADVERTISING, Birmingham, as financial director. He was with the Norwich Building Society.

★

Mr T. W. L. Kay, managing director of Fios Group, has joined the board of WALTER ALEXANDER. This follows the recent Walter Alexander acquisition of the whole share capital of Fios.

★

THE BRITISH LINEN BANK has appointed Mr Philip Livesey to the court of directors as a non-executive director. He is to retire as senior partner of Coopers & Lybrand in charge of the north west of England at the end of March.

★

THE ROYAL BANK OF SCOTLAND GROUP has appointed three directors to the board of RoyScot Factors—Mr Ian Knox, Mr Alec Bradley and Mr Robert Young. RoyScot Factors is a subsidiary of RoyScot Finance one of the four operational divisions of The Royal Bank of Scotland Group.

★

LAPORTE INDUSTRIES (HOLDINGS) has appointed Dr Ronald M. Cresswell as an executive director from March 1. He joins the company from Wellcome where he was the director responsible for research and development.

★

DEREK BRYANT GROUP has appointed Mr David A. T. Richings to the board. He joined the group in 1983, and his principal responsibilities are in the production and broking of US business. Mrs Valerie Croft has been appointed assistant company secretary.

★

Mr Bill Nickell has joined the board of MPR COMMUNICATIONS. He continues as managing director of H.N. Consultants, which recently became a member of the MPR Communications Group.

★

Mr A. J. G. Sheppard, group chief executive of Grand Metropolitan, has been elected a vice president of the BREWERS' SOCIETY.

★

Mr Mike Shaw has been appointed personnel development manager for RHP INDUSTRIAL BEARINGS. He was working in the United Arab Emirates as managing director of Gulf Commercial Holdings.

★

Sir Ronald Ellis has been appointed non-executive director of BULL THOMPSON AND ASSOCIATES, Lopex subsidiary specialising in executive search and selection consultancy. He is vice president of UMIST and chairman of TIP Europe.

★

BRITISH CALEDONIAN has appointed Mr Hugh Garety to the new board post of director of legal services. He was chief solicitor and head of legal services.

★

Mr Teddy Boyd is to become a non-executive director of SAVE AND PROSPER GROUP on March 1. He is a governor of The British Linen Bank and a director of numerous companies including The Bank of Scotland.

★

Dr David John Fisk has been appointed to the new post of deputy chief scientist and director, air, noise and wastes at the DEPARTMENT OF THE ENVIRONMENT.

★

NORBAIN DATA SYSTEMS, part of Norbain Electronics, has appointed Mr Graeme Holmes as sales and marketing director.

UK COMPANY NEWS

Improved margins behind profits surge at Pittard

AN IMPROVEMENT in margins from 6.5 per cent to 9.6 per cent enabled the Pittard Group, Somerset-based leather manufacturer, to lift its profits from £2.67m to a record £4.17m pretax for the 1986 year.

Shareholders are to receive a final dividend of 4p which raises their net total from an adjusted 3.72p to 5.12p per 25p share.

The directors said yesterday that they were determined to make further progress in 1987 and that signs so far were encouraging.

They pointed out that there was strong demand for the group's principal products and that orders were well up on this time last year.

At the same time, Pittard was concentrating on expanding into new markets and on building up its presence in others, particularly in Europe where its market share was small and capable of significant expansion.

Group turnover for 1986 rose from £40.96m to £43.35m—exports accounted for £19.18m (£18.35m).

Interest charges were reduced to £23,000 (£474,000) but tax rose to £1.13m (£595,000).

Earnings per share emerged 6.6p ahead at 22.6p.

The improvement in margins was achieved through a combination of factors including better utilisation of raw materials, more favourable European exchange rates and lower interest charges.

The group was continuing to invest heavily in new product developments and in the promotion, particularly in the US, of those of its products which have achieved brand leadership.

● comment

Pittard's profits were way ahead of the £3.6m or so the market had been expecting, and the shares, which had already undergone a considerable rerating from a level of little over 100p in October, put on another 30p to 228p. The main factor driving the company's growth is its development of a water repellent leather, which has already enabled it to capture 30 per cent of the US golf gloves market and is now penetrating other sports and military applications. The traditional shoe leather business still accounts for a substantial proportion of sales, but raw material prices have been favourable and efficiency gains should follow the opening of the new factory. Yesterday's figures suggest that profits of £5m or so must be well within reach for the current year, putting the shares on a prospective p/e ratio of about 8. That still leaves room for upward movement: the rating is at a discount to those of Strong & Fisher and Garnar Booth, and makes no allowance for the possibility that Pittard could so easily turn into a cult stock.

Miss World shows 8.5% improvement

THE Miss World Group, chaired by Mr Eric Morley, returned profits of £602,000 pre-tax for the year to end-December 1986, an improvement of 8.5 per cent over the previous year's £555,000.

Profits for the second six months, which take in the Miss World and Miss United Kingdom contests, rose by £33,000 to £434,700.

The year saw group turnover edge ahead from £1.3m to £1.49m and gross profits from £969,000 to £1.11m.

Pre-tax results were struck after taking account of a £43,000 rise in administration expenses to £547,000, a £40,000 (nil) share of losses of the associate and interest receivable of £83,000, down from last time's £90,000.

Tax of £241,000 (£223,000) left available profits £29,000 ahead at £361,000, equal to earnings per 10p share of 18.51p (17.02p).

A final dividend of 4.5p raises the total from 5.2p to 6p net.

The company's shares have been traded on the Unlisted Securities Market since April 1985.

Eleco 30% ahead at six months

Eleco Holdings, the construction, electrical engineer and property company which successfully warded off a £25m all-share bid from Whitecroft in August last year, increased its interim profits by 30 per cent to £1.31m pre-tax.

The directors said the results were in line with the estimate made during its bid defence.

The interim dividend for the half year to end-December 1986 is being stepped up from 1.5p to 2p net from earnings per 10p share of 5.1p, against a previous 4.6p.

Turnover for the period declined from £14.68m to £13.81m. Pre-tax profits included rental income of £642,000 (£531,000). Interest charges rose to £113,000 (£98,000).

Tax of £433,000 (£250,000) left net profits £118,000 higher at £879,000.

The directors pointed out that the electrical engineering division had successfully launched cable tray and accessories which were already showing profits ahead of expectations.

They added that the benefits from the reorganisation of the lighting sector had not yet shown through. The trunking division had been affected by a decline in overseas markets.

The construction and property operations continued to make excellent progress. Selective residential sites had been purchased which the directors said would ensure the continuity of profits from this area of business.

BPP up 54% to £0.63m

BPP Holdings, a publisher of study texts for financially-oriented professional exams, turned in pre-tax profits up 54 per cent from £405,000 to £625,000 in the year to December 31 1986. Turnover during the period moved ahead from £2.2m to £2.8m.

Mr Richard Price, chairman of the company, which came to the USM in March last year, said the current year had started well, with a buoyant market for professional training and publishing. He added that he looked forward with confidence to further growth during 1987.

In October 1986, BPP had acquired for a total consideration of £750,000 CPE Courses which specialises in training courses and publications for the Institute of Taxation. Mr Price believed that CPE would make a useful contribution to the group's earnings as well as providing services that would integrate very well with its other activities.

Tax charges increased from £65,000 to £244,000 and earnings per share rose from 11.5p to 13.8p. In 1985 non-recurring directors' emoluments had amounted to £250,000. The company recommended a final dividend of 3.36p, making a total of 5.6p for the year. In the prospectus a final of not less than 2.76p was forecast.

BOARD MEETINGS

TODAY

Interims: Astra Industrial Holdings, Bracken Mines, F. & H. Group, Flextech, Goodman Bros., Isotron, Kinross, Leslie Gold Mines, Tor Investments, Unisel Gold Mines, Winkelhaak Mines.

Finals: Barclays, British Assets Trust, Cadbury Schweppes, Imperial Chemical Industries, OCE (UK), Philips, Royal Insurance, SKF Group.

FUTURE DATES

Interims—

Arenson	Mar 24
Britannia Security	Mar 3
Frogmore Estates	*Mar 3*
Parker Knoll	Mar 9

Finals—

Fisons	Mar 3
Greenwich Cable Communications	Feb 27
London Atlantic Invest. Trust	May 14
Microvitec	Mar 3
OCE (UK)	Mar 19
Provident Financial	Mar 3
Rivlin	*Mar 11
Southampton, Isle of Wight & SOE RM Steam Packet	Mar 27
Wilson (Connolly)	Mar 31

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1985							
3rd qtr.	108.3	103.9	104	116.1	145.2	3,124	164.4
4th qtr.	108.4	103.6	106	116.7	177.7	3,122	168.2
1986							
1st qtr.	109.1	102.8	105	118.2	145.4	3,171	166.5
2nd qtr.	109.3	103.5	105	120.0	152.7	3,208	175.6
3rd qtr.	110.6	104.6	107	122.1	157.4	3,212	200.2
4th qtr.	109.6	105.6		124.8	192.5	3,143	213.0
June	107.7	103.4	108	121.7	155.4	3,220	184.4
July	110.2	104.5	103	120.9	158.2	3,223	193.2
August	111.1	104.2	103	122.0	155.2	3,219	201.1
September	110.5	105.0	113	123.2	158.7	3,193	206.4
October	109.7	105.1	106	123.2	164.7	3,166	212.8
November	109.7	105.6		126.4	182.1	3,145	215.2
December	109.0	106.0		125.0	223.2	3,119	210.0
1987							
January				121.7		3,119	210.3

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1985							
3rd qtr.	104.3	102.5	113.1	103.6	116.2	103.2	17.3
4th qtr.	103.7	102.7	113.5	103.2	114.0	102.4	15.6
1986							
1st qtr.	103.0	101.4	115.4	101.4	110.3	102.6	14.2
2nd qtr.	104.4	100.6	115.5	102.0	110.0	103.4	19.8
3rd qtr.	105.7	101.2	117.2	103.1	107.7	102.0	18.9
4th qtr.	107.1	101.1	114.5	103.9	116.1	102.8	15.2
June	104.4	100.2	112.6	101.0	111.0	104.0	21.5
July	105.4	101.3	116.5	103.0	109.0	101.0	20.8
August	105.8	100.3	118.5	102.0	107.0	103.0	16.6
September	105.9	101.9	116.7	104.0	107.0	102.0	19.4
October	106.1	101.2	115.4	103.0	112.0	102.0	20.5
November	108.1	100.8	114.7	104.0	117.0	104.0	15.4
December	107.0	101.3	113.5	105.0	119.0	102.0	9.7

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn*
1985							
3rd qtr.	116.3	124.1	−440	+1,445	+1,900	100.2	14.18
4th qtr.	118.9	127.9	−292	+604	+1,893	101.6	15.54
1986							
1st qtr.	116.9	125.7	−1,437	+549	+1,929	101.0	18.75
2nd qtr.	121.8	128.6	−1,579	+275	+750	102.5	19.20
3rd qtr.	123.3	139.1	−3,034	−781	+688	103.3	20.14
4th qtr.	129.6	143.3	−2,629	−229	+778	101.3	21.97
July	126.3	134.9	−636	+115	+240	103.3	19.08
August	117.0	142.9	−1,514	−762	+180	104.0	18.93
September	126.5	139.5	−885	−134	+268	102.5	22.43
October	125.3	140.6	−835	− 35	+184	102.2	21.99
November	131.5	146.8	−1,032	−232	+334	101.3	22.01
December	132.0	142.4	−763	+ 38	+259	100.5	21.92
1987							
January							21.95

FINANCIAL—Money supply M0, M1 and sterling M3, (three months' growth at annual rate) bank sterling lending to private sector; building societies' net inflow; HP†, new credit; all, seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	HP lending† £m	Base rate %
1985							
4th qtr.	2.9	17.0	12.9	+5,378	2,299	3,436	11.50
1986							
1st qtr.	4.1	21.4	19.3	+6,203	2,220	7,375	11.50
2nd qtr.	3.1	26.1	27.4	+6,450	1,433	7,739	10.00
3rd qtr.	5.9	30.7	15.6	+6,838	168	8,223	10.00
4th qtr.	7.6	14.2	13.6	+10,144	2,814	8,201	11.00
June	3.9	28.7	21.5	+3,001	177	2,613	10.00
July	5.4	35.6	20.9	+3,279	387	2,685	10.00
August	5.7	22.6	8.5	+2,715	452	2,668	10.00
September	6.6	34.4	17.7	+844	−671	2,870	10.00
October	6.3	18.5	14.1	+3,549	1,951	2,759	11.00
November	6.4	27.5	18.4	+3,910	160	2,635	11.00
December	11.1	−1.2	8.5	+2,685	703	2,807	11.00
1987							
January					456		11.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

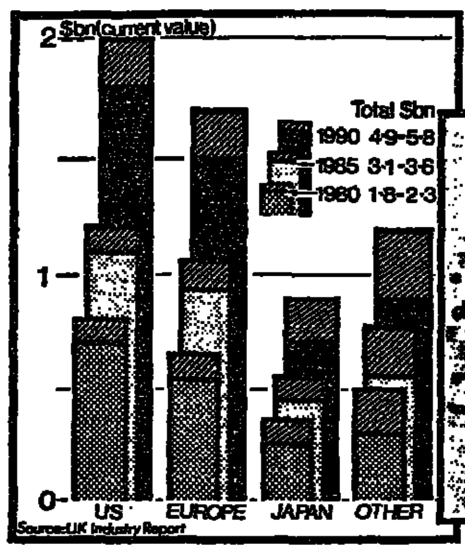
	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1985							
4th qtr.	176.9	132.6	141.4	378.1	337.4	1,771	79.8
1986							
1st qtr.	179.1	132.4	143.4	380.8	343.3	1,813	75.1
2nd qtr.	184.0	125.8	145.7	385.7	349.5	1,453	76.1
3rd qtr.	187.4	120.8	146.3	386.1	348.1	1,544	71.9
4th qtr.	191.0	127.3	147.4	391.0	348.3	1,637	68.2
July	187.9	119.8	146.0	384.7	347.4	1,460	74.0
August	187.2	120.3	146.3	385.9	348.6	1,461	71.4
September	186.8	122.4	146.7	387.8	348.3	1,544	70.4
October	188.3	124.3	147.0	388.4	347.6	1,600	67.8
November	191.2	127.5	147.4	391.7	347.5	1,617	68.5
December	193.4	130.2	147.9	393.0	349.8	1,637	68.4
1987							
January		131.5	148.9	394.5	354.0	1,604	68.8

* Not seasonally adjusted.

† From January 1986 includes amounts outstanding on credit cards.

TECHNOLOGY

From new anti-cancer drugs to improved forms of cheeses, industrial opportunities have been opened up by recent innovations in a range of analytical instruments. In the first of three articles, Peter Marsh looks at how specialist chromatography has moved out of the laboratory to play a vital role in production processes




Liquid Chromatograph

Solid reflections of the liquid state

A WIDE range of companies is turning for jobs such as process control and separation of materials to a new breed of instruments based on liquid chromatography, a technique known for decades but which has been radically changed in recent years by novel technologies.

Liquid chromatographs separate components in a mixture according to the degree to which they are absorbed by special materials. The principle is well known to any child who has separated coloured inks using blotting paper. Liquid chromatography has been altered by developments in a range of disciplines, including pumps, computers and new materials.

Besides the chemical and biotechnology industries, other important users of the machines include organisations which analyse contaminated food or monitor air pollution.

World sales of liquid chromatographs, which typically cost $5,000 to $30,000, came to $692m in 1985, according to Market Intelligence Research, of Palo Alto, California, and the company expects this figure to double to $1.33bn by 1990.

According to MIR, liquid chromatographs account for the biggest single segment of the $3bn world market for analytical instruments. Such equipment, sales of which are likely to increase to $5bn by 1990, according to estimates, have until now featured in specialist analytical laboratories, where they are used by trained operators.

However, as a result of increasing technical sophistication, which has made many types of analytical instruments more accurate and easier to use, the machines are finding other applications—in process control systems in chemical plants, for example.

Leading suppliers of liquid chromatagraphs, which typically come in packages that can fit on to the average desk, include Millipore, Hewlett-Packard, Varian, Beckman Instruments, Perkin-Elmer, all of the US, Sweden's LKB (which is owned by Pharmacia, the pharmaceuticals company) and Pye-Unicam of the Netherlands.

Early liquid chromatographs were simply strips of paper in a column, down which liquids flowed as a result of gravity. In the past few years, the machines have become small and sophisticated enough to be plugged into process control equipment in chemical plants. Here, the equipment may obtain information about concentrations of materials in mixtures and feed the data to computers.

According to Mr Nancy Pfund, an analyst at Hambrecht and Quist, a venture-capital company in San Francisco, liquid chromatography will become useful in the production of genetically engineered drugs such interferon and human growth factor. She expects US biotechnology companies such as Genentech and Biogen, together with long-established pharmaceuticals concerns like Hoffman LaRoche of Switzerland and SmithKline Beckman of the US, to use the instruments increasingly in production plants.

Other companies turning to liquid chromatography for the preparation of biotechnology-derived products include UK concerns such as Wellcome, Glaxo and Beecham. Wellcome is using liquid chromatography techniques in a plant turning out synthetic insulin.

Another factor behind the growth in applications for liquid chromatography is legislation in many Western nations which requires chemicals companies to establish stricter controls over drug production. The laws will, according to Ms Pfund, force the chemicals industry to employ sophisticated equipment to monitor processes inside plants.

Dr Gordon Wilkinson, a UK consultant in scientific instruments business, says established makers of liquid chromatographs may "find it difficult" to move into the emerging process-control business. This is because of the different marketing techniques which are required.

As a result of this, the companies finding most success in the process-control market for liquid chromatography may well come from outside the dominant concerns already in this business. Dionex and Applied Automation, two US companies, are expected to make progress in this area.

Another US company which specialises in a specific area of liquid chromatography — although its equipment uses other technologies as well — is Applied Biosystems, of Foster City, California. The company has become the dominant supplier in advanced separation systems for the biotechnology industries. The machines, which cost up to $200,000, are used for jobs such as identifying proteins or synthesising strands of DNA, the basic genetic threads of life. Such highly complex processes are vital in making a range of biotechnology-derived products, from anti-cancer drugs to improved forms of cheese.

Applied Biosystems, formed in 1981, in the 12 months to last June had sales of $52m, with profits of $10m. Among the company's customers are pharmaceuticals and biotechnology concerns such as Celltech, ICI, Cetus and Genentech. Mr Mark Simon, of Kidder Peabody, the New York investment analysts, says the company is "way ahead" of its competitors in automated machines in the biotechnology industry. Other companies selling similar equipment include Millipore, Pharmacia, New Brunswick, Beckman Instruments and Du Pont.

To analyse a material such as a protein, a researcher normally has to add a reagent that snips off molecules from a chain. Other chemicals are added to determine, by a series of steps, the molecule's identity.

Applied Biosystems' equipment does such jobs automatically, greatly speeding up the process. The systems use a range of pumping, separation and detection techniques to add to chemicals tiny volumes of reagent, and to channel products from reactions to subsequent steps in the process.

ADVANCES BEHIND FLUID MOVEMENT

THE main technical advances in liquid chromatography in recent years include:

Pumps. In liquid chromatographs, liquids are pushed through a separation column in carefully monitored quantities. The liquid is a mixture of the components that scientists or engineers wish to identify or separate, possibly dissolved in suitable solvent.

In instruments known as high-pressure (or high performance) liquid chromatographs, the pumps push out the liquid very slowly, at the rate of a few microlitres a minute. The high-pressure machines account for an estimated 80 per cent of the total market for liquid chromatography. The pumps in these systems, parts of which are made from exotic materials such as sapphire, contain special mechanisms to reduce vibrations.

Column technology. Taking the place of the filter paper in the early machines are hundreds of thousands, if not millions, of tiny spheres made from silica or polymers. The spheres, which can be as little as 3 micrometres in diameter, are packed into glass tubes typically a few millimetres in diameter. The spheres selectively absorb constituents in the liquid, at a rate which depends on the chemical and physical characteristics of the spheres.

Detectors. At the end of the column, streams of chemicals pass out, separated into bands. A variety of detection techniques are used, among them ultraviolet spectroscopy, in which devices pass ultraviolet light through the substances and determine in which frequencies the chemicals absorb radiation.

Computers. In the past five years, the instruments industry has developed a new generation of computer controls for fitting to liquid chromatographs. These systems make the machines easier to use, in that people can tell the chromatographs what to measure simply by punching keys on a pad.

Never-ending power struggle

SUPERCONDUCTION, the elusive property of materials to carry electricity without losses through electrical resistance, has enjoyed chequered fortunes since it was discovered in 1911. Its potential importance was recognised almost immediately, but superconduction has proved to be one of the more tantalising challenges for modern science.

One moment the physicists were claiming they were about to transform electrical engineering, through a phenomenon that seems tantamount to perpetual motion. The next, it had vanished into the laboratory again.

Scientifically, superconduction has been out of the news since the mid-1970s, when the last leaps were made in the temperature at which it can be sustained. Recently, however, laboratories in Europe, the US, Japan and China have made claims for successful superconduction further up the temperature scale.

A high-temperature superconducting system could lead to smaller and cheaper electrical machines and transmission systems, even long-distance transport by trains levitated on magnetic cushions. Such systems would be more efficient and less troublesome than present-day electrotechnology, simply because they would dissipate no energy as heat.

A Dutchman, Heike Kamerlingh Onnes, at Leiden University first observed superconduction. He cooled mercury to the temperature of liquid helium, 4.2 degrees Kelvin, just above absolute zero when all molecular motion will cease. At 4.15 degrees K the electrical resistance of mercury drops suddenly, to less than one part in 100 bn of its value above that temperature. In this case a current set up in a ring of mercury is still flowing at full strength a year later.

The observation earned Kamerlingh Onnes a Nobel prize in 1913, and set other scientists searching for superconducting materials less costly and toxic than mercury, and more suitable for electrical engineering. Above all, they were looking for materials in which resistance vanished at higher temperatures that were more readily reached and sustained than the temperature of liquid helium.

They soon discovered that they were fighting nature on a second front, if superconduction was ever to be useful. Not only was the "transition" temperature from a resistive to a superconducting material extremely low, the phenomenon also tended to vanish when anything but a very slight magnetic field was present. Electrical engineering is all about magnetic fields.

A highlight in the career of superconduction occurred in 1961, when Dr J. E. Kunzler at the (then) Bell Telephone Laboratories in the US discovered the so-called "hard" or high-field superconductors, distinguished by their ability to retain zero resistance in a strong magnetic field. They were inter-metallic compounds — niobium-tin, niobium-zirconium and niobium-titanium.

Bell Labs scored again in the early-1970s when, with another US company Westinghouse Electric, it found materials which lost their electrical resistance at a higher temperature, 23 degree K. After more than half-a-century of searching, the science seemed to be on its way at last to a superconductor which might work at the temperature of liquid hydrogen (20.8 degrees K) or even liquid nitrogen (78 degrees K). These are much easier temperatures to sustain in large-scale engineering.

OUT OF THE BACKROOM

by David Fishlock

It was not to be. The science got stuck again while the technologists worked their way round some deficiencies. Oxford Instruments in the UK, for example, perfected the cryogenic plumbing as well as the winding of many nets to minimise leakage of liquid helium. But practical superconductors working at liquid hydrogen temperature remained beyond reach.

Meanwhile, superconduction at liquid helium temperatures began to find markets where very strong but unvarying magnetic fields were required, mostly in scientific research centres. The most ambitious scheme being considered today is the American superconducting super-collider, an idea which has just won White House approval. This will be the world's most powerful "atom-smasher," costing $4.4bn, and it calls for about 10,000 superconducting magnets in a ring about 88 kilometres round.

Superconduction, however, has failed to make any headway in markets where the magnetic field continuously changes—as in alternating current motors and generators. The US Navy estimates it has spent about $5m searching for superconductors suitable for making a more efficient and versatile propulsion system for its submarines and ships.

Against this background, the first word of a new advance came from IBM's European research laboratory near Zurich last spring. It disclosed how it had observed superconduction in a complex new alloy at temperatures as high as 35 degree K. Late in the year scientists in several other laboratories using very similar alloys made similar claims. Bell Labs, for example, claimed 36.2 degree K.

Houston University, at a press conference last December, claimed a temperature of 40.2 degree K for the same kind of mixture. Such a claim would seem to bring superconduction well within the reach of liquid-hydrogen cryogenics.

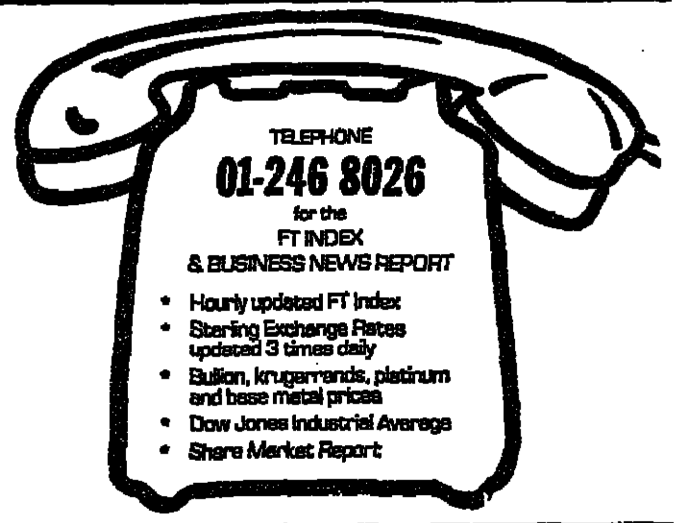
The Houston scientists, led by Prof Paul Chu of the department of physics and space vacuum epitaxy centre, say they have observed the transition to superconduction at a temperature as high as 52.5 degree K. They were studying a compound of lanthanum, barium, copper and oxygen, sintered from powder into pellets the size of a pinhead. They made their measurements with the alloy under very high pressure, about 12,000 kilobars (thousands of atmospheres).

This transition temperature is tantalisingly close to the boiling point of a still cheaper refrigerant, liquid nitrogen, widely used in industrial refrigeration of food, for example. Unfortunately, not only are the experimental conditions complex, Prof Chu also found "serious deterioration of samples" when he relaxed the pressure.

Nevertheless, the flurry of fresh observations of superconductivity at much higher temperatures than ever before, including some made in laboratories in Tokyo and Beijing, has rekindled interest in superconduction.

Company Notices

Public Notices



Personal

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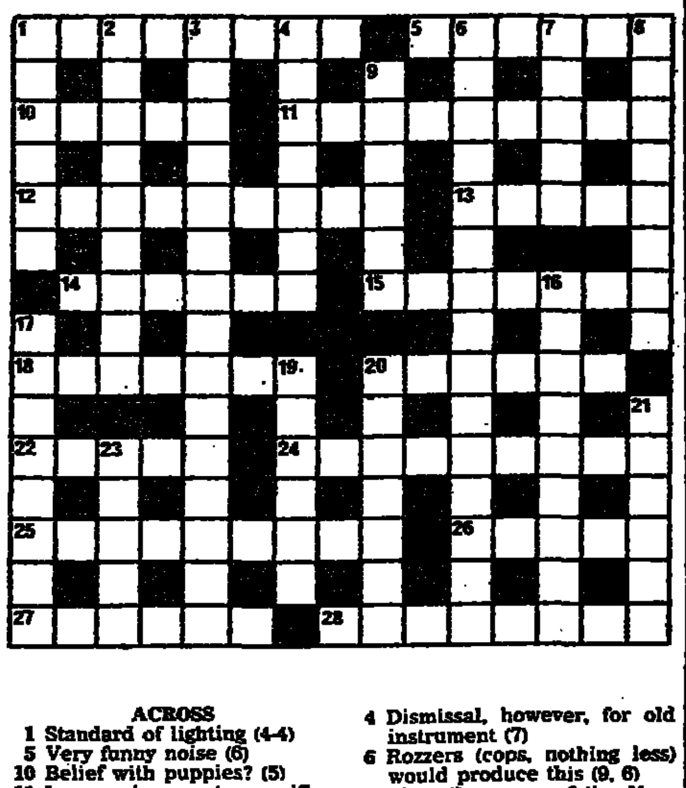
AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

FT CROSSWORD PUZZLE NO 6,263

CINEPHILE



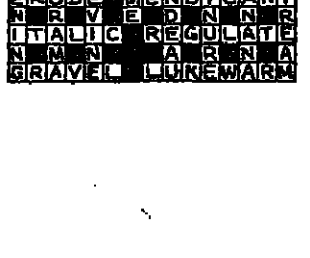
ACROSS

1 Standard of lighting (4-4)
5 Very funny noise (6)
10 Belief with puppies? (5)
11 In a marine creature, orifice in the surface of the body (9)
12 Place of disaster makes Roy blench (9)
13 Not happy at assassinated Egyptian (5)
14 Ticket from France in quarters (6)
15 Beggar can't be company: horse needed (7)
18 Company can be 51, badly timed (7)
20 Backer of American oath should be shot (3, 3)
22 Property of press baron? (5)
24 Busman with baton? (9)
25 Chief standard on a horse (9)
26 Last is first, last is middle, and first is last, in prisoner's place (5)
27 Adage it may go without (6)
28 Sort of society out-lined among small fish? (8)

DOWN

1 Place of destruction puts *cover on cold sweet* (6)
2 Girl and I entertained by mother with inflammable metal (9)
3 The Mufti? More like the Cid! (5-7, 3)
4 Dismissal, however, for old instrument (7)
6 Rozzers (cops, nothing less) would produce this (9, 6)
7 Alter the score of the Mendelssohn piece (5)
8 For my trial I moved like a soldier (8)
9 Legless jumper has some licence for lark (6)
16 Supported round number with fat added? (9)
17 Egg-layer, a tailless type, comes in extra (8)
19 Adage, *badly cut*, put in *faint* (6)
20 I leave person in church (7)
21 Car crash on odd day in bucolic land (6)
23 It's black and sticky: wait! (5)

Solution to Puzzle No 6,262



AUTHORISED UNIT TRUST & INSURANCES

Cannon Assurance Ltd
1 Olympic Way, Wembley HA9 0NB — 01-902 8876

2nd Series Life Accumulation				
Equity	374.9	394.7	-1.4	
High Income	322.4	341.2	+0.8	
Property	217.4	230.1		
Managed	267.4	283.0	-0.3	
Deposit	178.0	188.4	+0.1	
Gilt	186.4	197.2	+0.3	
American	272.9	288.8	+0.4	
International Money	198.2	209.3	+0.6	
Index	117.4	124.2		
Far East	214.3	226.8	-1.0	—
Global	107.5	113.8	-0.4	—
European	108.2	114.5		—
Japan	112.4	118.9		
Residential Property	97.1	102.8		
2nd Series Pension Accumulation				
Equity	601.5	636.5	-2.5	
High Income	386.6	409.1	+1.1	—
Property	305.9	323.7		—
Managed	388.9	411.5	-0.7	
Deposit	265.4	280.8		
Gilt	262.4	277.7	+0.3	—
American	433.0	458.2	+0.7	—
International Money	284.6	301.0	+1.0	
Index	129.0	136.5		—
Far East	237.1	250.9	-1.4	—
Global	111.9	118.4	+0.4	—
European	111.9	118.4		—
Japan	117.3	124.1		—
Residential Property	98.1	103.8		—
Other Funds				
Equity Units		80.72	-0.32	—
Property Units		22.96		—
Equity Bond/Exec	50.14	53.06		—
Property Bond/Exec	31.02	32.83		—
Balanced Bond/Exec	37.69	39.98	-0.05	—
L&E SIF 1	125.5	132.5		—
L&E SIF 2	81.0	86.0		

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ — 031-225 1655

Ivory & Sime Bond	121.0	128.0		—
Risk & Reward Bond	157.0	166.0		—
Murray Johnstone Fd	135.0	143.0		—
Money Market Fd	111.0	117.0		—
Investment Strategy Fd	100.0	106.0		—
Ivory & Sime Pens Fd	123.0	130.0		—

Devonshire Life—Contd.

Money	100.9	106.3		
Pen Managed	142.3	150.0	+0.2	
Pen World Growth	109.0	114.8	+0.6	
Pen UK Equity	158.4	166.9	-0.3	
Pen UK Small Cos.	142.8	150.4	+1.3	
Pen European	100.2	105.5		
Pen Far Eastern	258.2	271.9	+4.1	
Pen Nth American	99.5	104.8	+0.5	
Pen Fixed Interest	114.3	120.5	-0.1	—
Pen Index Lnkd Stks	109.8	115.7	+0.2	—
Pen Money	106.0	111.7	+0.1	-

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ — 0242 521 311

Secure Fund	108.4	110.4		—
Blue Chip Fund	140.1	147.5	+1	—
Performance Fund	166.3	175.1	+1.2	—
Adventurous Fund	160.2	168.7	+0.9	—
Pensions Secure	96.4	101.5		—
Pensions Blue Chip	108.2	113.9	+0.8	—
Pensions Performance	107.6	113.3	+0.9	—
Pensions Adventurous	107.6	113.3	+0.9	—
Pensions With Profits	101.7	107.1	+0.4	—

Eagle Star Insur./Midland Assur.
1 Threadneedle St, London EC2 — 01-588 1212

Eagle/Mid. Units	186.9	193.7	+0.8	3.80

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP — 01-606 6611

Far Eastern	183.6	193.3	(z)	—
Fd of Inv Tsts	154.3	162.4	(z)	—
Gilt & Fixed Int	118.3	124.5	(z)	—
High Income	171.5	180.5	(z)	—
Intnl Growth	114.4	120.4	(z)	—
Managed	140.3	147.7	(z)	—
Money	109.6	115.4	(z)	—
North American	127.2	133.9	(z)	—
Pelican	161.9	170.4	(z)	—
Property	109.0	114.7	(z)	—
Special Sits	169.7	178.6	(z)	—
School Fee Managed	155.0	163.2	(z)	
Pension Funds				
Far Eastern	211.2	222.3	(z)	-
Fd. of Inv. Tsts	171.5	180.5	(z)	—
Gilt & Fixed Int	123.5	130.0	(z)	—

INSURANCE, OVERSEAS & MONEY FUNDS

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 394000

Managed	434.2	457.1		—
Property	264.5	278.5		—
Fixed Int	162.4	171.0		—
UK Equity	538.5	566.9		—
Int Equity	345.5	363.7		—
Deposit	158.6	167.0		—
Managed Property	246.0	259.0		—
American Eagle	118.6	124.9		—
Technology	110.8	116.7		—
Worldwide Income	178.9	189.4		—
Pacific	186.3	196.2		—
Australasian	95.1	100.2		—
Japan	292.2	307.6		—
Commodity	112.1	118.0		—
Gold	141.6	149.1		—
Financial	214.0	225.4		—
Income	246.6	259.6		—
Special Situations	238.2	250.8		—
Preference	141.1	148.6		—
Managed Currency	95.1	100.2		—
European Spec. Sits.	200.8	211.4		—
Sterling	10.3	—		—
Residential Property	99.1	104.4		—
Pension Funds				
Managed Pension	1316.9	1386.3		—
Gilt Pens.	342.5	361.6		—
Property Pens.	693.2	729.7		—
Equity Pens.	660.1	694.9		—
Index-L Pen	129.7	136.6		—
Guar Pen.	262.0	275.8		—
Leicester Retirement	162.4	169.9		—

Prices quoted are for Accumulation units

Teachers' Assurance Company Ltd
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

Managed Fund	188.3	198.2	—	—
Gilt & Fixed Int Fd	136.0	143.2	—	—
Cash Fund	126.3	133.0	—	—

Transatlantic Life Assur Co Ltd
8 New Rd, Chatham, Kent Medway 812348

LACOP Units	517.65	18.53	—	—

Trident Life Assurance Co Ltd
London Road, Gloucester 0452 500500

Managed	329.1	346.5	+0.8	—
Gtd. Mgd.	296.7	312.4	−0.3	—
Property	326.8	344.1	—	—
American	264.0	278.0	+0.9	—
UK Equity Fund	372.3	392.3	+1.8	—
High Yield	442.1	465.5	+1.5	—
Gilt Edged	257.4	271.0	−0.2	—

The Porchester Group
91 Wimpole Street, London W1M 7DA 01-493 9090

Porchester Managed Funds

Albany (z)	120.1	126.5	−0.4	—
Cornhill (z)	107.0	111.0	—	—
Irish Life (z)	115.2	121.4	—	—
Royal Heritage (z)	105.6	110.2	—	—
Schroder (z)	101.5	106.8	−0.1	—
Skandia (z)	122.1	128.5	−0.7	—
Target (z)	124.8	131.4	−0.2	—
Tyndall (z)	118.3	124.6	−0.5	—
Porchester Managed Pension Funds				
Albany (z)	132.1	140.0	−0.6	—
Schroder (z)	99.8	105.0	—	—
Skandia (z)	129.2	136.0	−0.7	—
Target (z)	116.2	123.6	+1.4	—

Managed by Porchester Securities Limited

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

Man-Clerical Med	124.8	131.4	+1.8	—
Pens. Man-Schroder	500.6	526.9	+0.8	—

Towry Law & Co
57 High St, Windsor, SL4 1LX 0753 868244

Clerical & Medical	105.4	111.0	+0.8	—
Guardian Royal Exch.	100.8	106.2	−0.2	—
M&G Ass (Life)	117.4	123.6	—	—
M & G Ass (Pens)	136.1	143.0	—	—
Norwich Union Ass Mgr	54.4	57.3	—	—
Royal Life (UnitLinkAss)	107.2	112.8	—	—
Scot Equitable (Life)	150.2	158.1	—	—
Scott Equitable (Pens)	103.1	108.5	—	—
Scot Mutual (Life)	156.0	164.3	−0.4	—
Scot. Mutual (Pens)	142.0	149.5	−0.5	—
Vanbrugh Life Ass	120.7	127.1	−0.9	—

J. D. Ward & Co Ltd
55 Lincoln's Inn Fields, WC2A 3LX. 01-242 2263

Target Mngd Bond	191.6	201.7	−0.9	—
Target Mngd Pension	127.5	134.0	−0.8	—
Albany Mngd Bond	162.8	171.9	−0.9	—
Albany Mngd Pension	205.5	216.3	−1.6	—

Yorkshire & Lancashire Investment Mgt.
2 Parson Lane, Clitheroe, BB7 2JN 0200 28066

Growth & Income (RH)	174.1	183.3	—	—
Ultra Bond (Roy. H)	144.0	151.6	—	—
Flexible Managed (Hen)	145.3	153.0	—	—
Global Managed (Sclr.)	128.4	135.1	—	—
Pension Fund (Roy.H)	120.0	126.4	—	—

OFFSHORE AND OVERSEAS

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fodtn Money Mngmt Co Ltd				
Castle Hall, Stone Ct, Houndsditch, EC3 01-283 6461				
CAFCASH Call Fund	10.43	7.80	11.44	3-mth
CAFCASH 7-day Fund	10.67	7.97	11.71	11.71
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	10.75	*11.19CAR		3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	10.45	7.81	11.26	6mth
7-day Fnd	10.78	8.06	11.63	6mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.92	8.16	11.76	6-Mth
7-day Fund	10.75	8.04	11.55	6-Mth
Dollar	4.75	3.55	5.07	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	10.25	7.50	10.86	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.25	7.66	11.10	Qtr
... (£1000-£5000)	10.00	7.49	10.90	Mth
Min. Int. Chq. £5,000+	10.25	7.66	11.18	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 01-626 2046.				
HICA, HICMA	11.25	8.41	12.31	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	10.25	7.66	11.18	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.00	7.50	10.86	Qtr
Benchmark Trust Ltd				
9 Henrietta Place, W1M 9AG. 01-631 3313				
Cap Chq Deposit Acc	10.25	7.66	11.16	Mth
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2R 7HE 01-606 9833				
Demand Acc	10.50	7.85	11.38	Qtr.
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH. 01-248 4000				
Sterling	10.375	7.76	11.32	Mth
U.S. Dollar	5.625	4.20	6.04	Mth

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	35	NEI	8
Amstrad	16	Nat West Bk	55
BAT	47	P & O Dfd	55
BOC Grp	42	Plessey	20
BSR	12	Polly Peck	20
BTR	30	Racal Elect	20
Babcock	19	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	20
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	25	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	20	Wellcome	50
Gen Accident	80	**Property**	
Gen Electric	18	Brit Land	17
Glaxo	110	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	100	Peachey	30
Guardian	85	**Oils**	
GKN	30	BOM	3½
Hanson Tst.	15	Brit Petroleum	60
Hawker Sidd	50	Burmah Oil	38
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen	25	Tricentrol	11
Lex Service	35	Ultramar	17
Lloyds Bank	49	**Mines**	
Lucas Inds	55		
Marks & Spencer	18	Cons Gold	65
Midland Bk	55	Lonrho	24
Morgan Grenfell	35	Rio T Zinc	65

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Rule change threatens MidAmerica Exchange

BY DAVID OWEN IN CHICAGO

THE CONTINUED existence of the MidAmerica Commodity Exchange, the ailing affiliate of the Chicago Board of Trade, could be in jeopardy as the result of proposed amendments to rules governing the number of futures contracts speculators can hold in a range of agricultural commodities.

Limits on many agricultural contracts are set by the Federal Government unlike those in most other commodities which are set by exchanges themselves.

The proposed changes would actually liberalise restrictions in terms of overall limits but would combine permitted limits for grain and oilseed contracts at the CBOT and the MidAm.

This would effectively eliminate the incentive for CBOT traders to use the smaller exchange as a means of increasing outstanding positions over and above the limit allowed on a single exchange.

"We are proposing changing the section of the regulations dealing with federal speculative limits from looking at a generic commodity to specific contracts," an official of the Commodity Futures Trading Commission, the US industry's regulatory watchdog, explained. This is because, in many cases, contract delivery points and quality specifications differ, she added.

The combining of permitted limits at the CBOT and its affiliate had been proposed, she said, because, in these cases, delivery points and quality specifications are the same.

A total of five commodities, traded at both the CBOT and the MidAm would be affected: namely, maize, wheat, soyabeans, soyabean meal and oats.

CBOT officials counter that the proposed change "takes two separate entities and combines them as one entity for speculative limits only."

Moreover, in a letter to the CFTC, CBOT chairman, Mr Karsten Mahlmann, claimed thatt he proposal "expressly violates" the affiliation agreement "which the commission endorsed by its approval of the affiliation." If the exchange membership is forced to reconsider its decision under new conditions, he added, the affiliation could be "undone" and the MidAm faced with the likelihood of a forced dissolution.

The commission will vote again on the proposal after a 90-day discussion period.

US-Soviet grain pact talks 'friendly' but disappointing

BY NANCY DUNNE IN WASHINGTON

TWO DAYS of talks between US and Soviet officials in Washington broke up on Tuesday with the Americans speaking in unusual glowing terms of the "very friendly" atmosphere surrounding the talks but disappointing exporters with the word that the Soviets have so far bought only 1m tonnes of US maize on their current shopping spree.

Even more disappointing to the American farm sector was the apparent failure of the Reagan Administration to offer subsidies under the export enhancement scheme which would, at the very least, boost wheat sales.

The Soviets, said a determinedly cheerful Mr Richard Goldberg, deputy undersecretary of agriculture, were particularly "complimentary" about the progress made in US efforts to improve grain quality through in-transit fumigation.

Both sides, he announced, had agreed on additional consultations and to continue the long-term grain agreement, under which the Soviets have promised to buy 9m tonnes of American grain every year.

This assertion at a small press conference on Tuesday brought a storm of questions. The Soviet's last year failed to buy the 4m tonnes of wheat they had committed to buy under the LTA, and so far have bought none this year. What, Mr Goldberg was asked, was the point of continuing a dishonoured agreement? And why had the US offered subsidies on wheat to China, Poland and Yugoslavia but not to Moscow?

He explained, some thought lamely, that the US has tired "meticulously" not to interfere with commercial sales and the Canadians are still selling unsubsidised wheat to Moscow under their own LTA.

The Soviets had not asked for subsidies, he said, and they had not been offered. They had been discussed, however, he added. The Americans had explained in detail last August's offer of 3.85m tonnes, under the export enhancement scheme, and rejected by the Soviets, as still not price competitive.

He did not say how that explanation had been received, but he insisted that the talks with the unusually high level delegation, described by others as "younger and more conversational," had gone well. In fact, USDA officials had distributed American flag pins for the Soviets to wear in their lapels during the negotiations.

Mr Michael Hall, executive vice president of the National Corn Growers, who met with both sides after the talks, said that "the door is still open" for a subsidy offer. Perhaps the Cabinet-level economic policy council must still be consulted, he said.

The Soviets, he insisted, will definitely buy the 4m tonnes of maize they are committed to under the LTA, but wheat will not be bought unless subsidies are offered which are competitive with those granted by the EEC.

The USDA did not want to offer subsidies unless they were sure the USSR would accept, said Mr Dick Fritz of the US Wheat Associates. Scheduling difficulties had left only a few weeks to prepare for the meeting and "they did not have time to get their ducks in a row."

Other analysts pointed out the opposition to the subsidies of Mr George Shultz, the US Secretary of State. The Administration, they say, is divided and preoccupied with the Iranian arms deal scandal, and until it reorganises, secondary matters, like Soviet-US trade relations, will remain in chaos.

Higher gold price forecast

BY RICHARD MOONEY

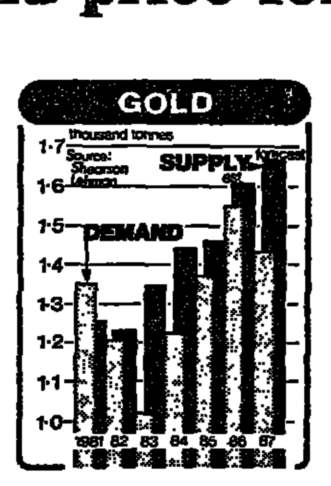
THE GOLD price is likely to rise this year in spite of a basically bearish supply-demand outlook, according to a report published today by Shearson Lehman Brothers, the London broker.

The report, compiled by Shearson's metals research unit in conjunction with the mining team of L. Messel, says 1987 finds the gold market "far more undecided" than it was last year, when it was becoming increasingly obvious that the metal was undervalued.

A seventh successive year of increasing production, coupled with consumption falls reflecting a reduction in Japanese offtake, is expected to lead to a further "deterioration" in the fundamental supply-demand balance, the report says. "However, the price of gold does not always reflect improvements or deteriorations in the fundamental statistics. The strength of the dollar, the rate of inflation, the level of unease in world politics and the attractiveness of alternative investments are all factors which could easily outweigh the bearish fundamentals."

Shearson expects further dollar weakness this year to buoy up the gold price somewhat but it sees the main scope for gains in the potential for diversion of funds from alternative investments.

"Should the US stock market start to top out then we would expect to see large scale diversification of assets as investment managers attempt to preserve the value of their funds."



the report says. "Gold would be a beneficiary of at least a proportion of these funds."

It calculates that it would have taken a shift of only 0.45 per cent of world stock market capitalisation to soak up the entire investment purchases of gold by the private sector between 1975 and 1985. And because of its greater size it would have taken only a 0.3 per cent shift of funds from the world bond market to achieve the same impact.

The report holds out little hope, however, of production cuts contributing to upward pressure on prices. "Most gold mines in the world are currently operating extremely profitably," it says. "Gold prices would have to halve before substantial numbers of mines would be forced to close down."

Nevertheless it expects the "demand-pull" resulting from currency factors and fund diversion to be strong enough to lift the price above the present level of just over $400 a troy ounce. Although it does not rule out a rise to $500 an ounce Shearson discounts the likelihood of any sustained period at that level. "We expect the market to spend most of its time between $400 and $450 . . . and predict an average price for the year of $425 an ounce," the report says.

The jewellery trade remained by far the biggest customer for gold last year, although Shearson estimates that its consumption was down 123 tonnes from 1985 at 775 tonnes. For this year it predicts a recovery to 875 tonnes, out of total of 1,427 tonnes.

The fall in jewellery usage in 1986 was more than made up by a surge in official gold coin mintings, reflecting Japan's large issue commemorating Emperor Hirohito's jubilee. Total coinage consumption of gold was 350 tonnes last year, up from 108 tonnes in 1985, Shearson estimates. But with the Japanese postponing their planned second minting of Hirohito coins, because of the disappointing response to the initial issue, a fall back to 250 tonnes is predicted for this year.

Industrial sector demand "continues to stagnate," says the report.

Annual Review of the World Gold Industry 1987, from Shearson Lehman Brothers, Peninsular House, 36, Monument St., London EC3R 8LJ. Price £100/$150.

Iran agrees £35m NZ lamb purchase

By Dai Hayward in Wellington

NEW ZEALAND has made a verbal agreement with Iran for the sale of 90,000 tonnes of lamb, in the first lamb for cash deal in five years. Lamb sales to Iran over the past few seasons have all been paid for with oil shipments which New Zealand had to dispose of through a third party.

This year's deal is worth about NZ$100m (£35m). The Meat Board has not disclosed the price but it is reported to be a favourable one for Iran.

Mr Colin Moyle, New Zealand's Agriculture Minister, said Iran's war with Iraq and the low price of oil meant that Iran was short of foreign funds. New Zealand was prepared to accept a low price now in the belief it would benefit by securing its position as a substantial supplier of lamb to Iran in future years. The 90,000 tonnes which will be shipped this year compares with the 135,000 tonnes sold to Iran in the oil barter deal last season.

The agreement for the sale follows intensive negotiations in Wellington.

The Government has agreed to a request from the farm industry to reinstate the guarantee to the meat industry for the Iran contract. This means that exporters can pay farmers for their lamb without waiting to receive the proceeds of this sale from Iran. In previous years it has taken some time before proceeds from the sale of oil received for lamb shipments has transmitted back to New Zealand.

Mr Moyle said another pleasing feature of the deal was that New Zealand had sold so much lamb to one customer. It would have been difficult to find a market for this at a satisfactory price, he said.

Shell Canada claims big gas find in Alberta

Financial Times Reporter

SHELL CANADA claims a significant new gas find at Caroline, Alberta.

The company says three successful exploration wells drilled last year indicate a large field of gas and condensate about 17km long.

The three wells have produced gas at the rate of 25m cubic feet a day including some 100 barrels per million cubic feet of gas condensate.

Potential reserves are put at around 2 trillion cubic feet of raw gas. However, because the discovery is so recent, the extra reserves attributable to the three exploration wells have been put at 85bn cubic feet of gas and 5m barrels of condensate.

Shell Canada has acquired rights to about half of the new field. Its partners include Atlanta Exploration, Dome Petroleum, Encor Energy and Husky Oil.

The company says the next stage will be to drill two appraisal wells and a number of additional wells to discover the full extent of the field. Production is expected to begin in the early 1990s.

Florida fights citrus pest

FLORIDA AGRICULTURAL inspectors plan to destroy more than 1,000 citrus trees in the Miami area infested with a tiny black insect that could pose a severe threat to the state's $2.5bn crop, state officials said, reports Reuter from Miami.

Citrus experts have determined that the only way to eradicate and halt the spread of black Parlatoria scale is to chop down the trees the insect thrives on, according to Ms Phyllis Habeck, of the Florida Agriculture Department.

Ms Habeck said the black scale, which was first spotted in the Miami area in October 1985, is capable of scarring and deforming fruit, thereby hurting its commercial value.

The infestation of black scale—an insect that thrives in the Caribbean but had never before been seen on the US mainland—has been limited to a 12-square-mile area in Dade County

Israel's upwardly-mobile fruit exports

BY JUDITH MALTZ IN TEL AVIV

HAVING LOST their traditional edge in the European winter crops market, Israeli farmers have been forced to seek new niches for their exports. As part of this strategy there has been a move to forego the mass market and concentrate on selected population segments—and this now appears to be paying off.

The Israeli farmer has found in today's influential class of "Yuppies" (young, upwardly-mobile professionals), with their passion for the novel and trendy, an ideal clientele for a new line of high quality and exotic produce. Primarily sold in gourmet and speciality shops, these so-called "Yuppie" fruits come with attached leaflets and stickers, providing eating instructions and recipes to help the unfamiliar customer.

"Israel has no chance of becoming Europe's food supplier," explains Mr Eran Sorek, sales promotion manager of Agrexco, the export marketing organisation which handles all the country's agricultural produce except citrus.

"We simply can't compete with other countries that can produce mass quantities of cheap fruits and vegetables."

The new "Yuppie" fruits include high-quality, locally-development varieties of standard crops, as well as exotic, generally hybrid, fruits originating in the sub-tropical regions of South East Asia and Latin America. Agrexco includes the well-established avacado, which alone accounts for one-third of its sales, in this latter group.

Mr Sorek says the main catalyst behind the recent rethinking of marketing strategy was the entrance of Spain into the EEC, thet result of which was a severe 80 per cent erosion of Israel's traditional share of the European winter crops market.

Standard out-of-season produce once constituted an overwhelming 80 per cent of Agrexco's total sales, while speciality items were responsible for only 20 per cent. Today, the figures are reversed, and Agrexco officials anticipate a 50 per cent increase in "Yuppie" fruit sales this year to US$120m over 1986.

Two examples og the locally-developed crops, the Galia melon and the "K-111" tomato, have been fetching prices on average two to three times higher than their standard-quality counterparts. Indeed, the "K-111," characterised by its deep red colour and crisp texture, made such a hit in the US market two years ago that Florida farmers began branding their own tomato the "Sabra"—the Hebrew term for native-born Israelis—as part of a marketing gimmick.

Mangoes, lychees, kiwis, and star-shaped carambollas are prominent examples of the other group of non-indiginous fruits. Although exports remain relatively small, Mr Sorek says they have been growing exponentially each year.

Overseas sales of mangoes have risen from only 200 tonnes several years ago to 1,000 tonnes last year. Were it not for a very demanding local market, he maintains, the increase would have been even greater.

LONDON MARKETS

COPPER PRICES rallied on the London Metal Exchange yesterday in response to gains in the New York market and a downturn in sterling. The cash Grade A position, which had lost £13 on Monday and £15 on Tuesday, closed £10 higher at £917.50 a tonne. Dealers said the market was underpinned by "constructive" fundamentals and chart patterns. They also reported expectations of further declines in LME warehouse stocks this week following last week's heavy fall. The currency factor also helped other LME base metals to recoup some of their earlier losses. Cash lead recovered Tuesday's £5.50 decline in response to light buying, while speculative buying and covering against earlier sales lifte dcash zinc by £4 to £485.50 a tonne. A £6 rise in cash aluminium to £858.50 a tonne, but dealers said the market lacked the fundamental strength to test recent 32-month highs, and suggested that a further downward correction could take place.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	858-9	+6	861.5/851
3 months	847-8	+4.75	853/845

Official closing (am): Cash 851.5-2 (855-6), three months 848-9 (846.5-7), settlement 852 (856). Final Kerb close: 848-850. Turnover: 10,225 tonnes.

COPPER

Grade A	Unofficial close	+ or —	High/Low
Cash	917-8	+10	915/914
3 months	925-6	+10	927/920
Standard			
Cash	883-4	+10	882
3 months	902-4	+10	—

Official closing (am): Cash 914-5 (909-8.5), three months 922.5-3 (915.5-6). settlement 915 (908.5). Final Kerb close: 925-925.5. Official closing (am): Cash 880-5 (872-3), three months 898-900 (891-3), settlement 880.5 (873). US Producer prices 66-70 cents per pound. Total Turnover: 37,225 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	298-9	+5.5	296/295.5
3 months	299.5-300	+4.25	300/297

Official closing (am): Cash 296-6.5 (294.5-5), three months 297.5-8 (295.5-6.5), settlement 296.5 (295). Final Kerb close: 299-300. Turnover: 5,050 tonnes. US Spot 24-27 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2486-90	+13	2496/2480
3 months	2475-82	+1	2493/2480

Official closing (am): Cash 2,485-90 (2,466-75), three months 2,488-90 (2,470-1), settlement 2,490 (2,475). Final Kerb close: 2,485-2,495. Turnover: 1,212 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	485-6	+4	487
3 months	478-9	+5	479/475

Official closing (am): Cash 487.5-8 (477-7.5), three months 479-80 (469-9.5), settlement 488 (477.5). Final Kerb close: 476-477. Turnover: 8,625 tonnes. US Prime Western: 38.5-44 cents per pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 16.89 (16.94) ringgit per kg. Down 0.5.

GOLD

Gold rose $4 to $405¾-406 on the London bullion market yesterday. The metal opened at the day's low of $402½-403 and was fixed at $406.70 in the morning and $405.80 in the afternoon. It touched a peak of $408-408½, underpinned by covering of expiring options contracts, nervousness about the dollar, ahead of today's Tower report on the supply of arms to Iran, and concern about third world debt.

GOLD BULLION (fine ounce) Feb. 25		
Close	$405¼-406	(£263¾-264¼)
Opening	$402½-403	(£261¼-261¾)
M'n'g fix	$406.70	(£264.057)
Aft'n'n fix	$405.80	(£263.698)

GOLD AND PLATINUM COINS		
Am Eagle	$417-422	(£271¼-274½)
Mapleleaf	$417½-420½	(£271½-273½)
Kr'g'r'nd	$407-410	(£264¾-266¾)
½ Krug	$213½-214½	(£138¾-139½)
¼ Krug	$108¼-109¼	(£70½-71)
Angel	$414-417	(£269¼-271¼)
1/10 Angel	$41-46	(£26¾-30)
New Sov.	$96¼-97½	(£62¾-63½)
Old Sov.	$96½-98	(£62¾-63¾)
$ 20 Eagle	$480-530	(£312¼-344¾)
Noble Plat	$538-546	(£350-355)

SILVER

Silver was fixed 3.9p and ounce higher for spot delivery on the London bullion market yesterday, at 357.2p US cent equivalents of the fixing levels were: Spot 550.25c up 5.25c; three-month 559.10c, up 5.6c; six-month 567.75c, up 5.5c; and 12-month 585.85c, up 6.05c. The metal opened at 355½-357½p (545-547c) and closed at 457½-359½p (550-552c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	357.20p	+3.90	357.5p	+1.5
3 months	366.70p	+4.20	366.5p	+1.5
6 months	376.45p	+4.25	—	—
12 months	393.65p	+4.45	—	—

LME—Turnover: 0 (0) lots of 10,000 oz. Final kerb close 365-6p.

SOYABEAN MEAL

	Y'sterd'ys close	+ or —	Business done
	£ per tonne		
April	123.5-125.0	-0.35	—
June	116.0-118.0	-0.25	—
August	116.0-118.0	-0.25	—
October	116.0-118.0	-0.25	—
Dec	116.0-118.0	-0.25	—
Feb	116.0-118.0	-0.25	—
April	116.0-118.0	-0.25	—

Sales: 0 (160) lots of 20 tonnes

INDICES

REUTERS

Feb. 25	Feb. 24	M'th ago	Year ago
1583.5	1578.1	1607.7	1809.4

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Feb. 24	Feb. 23	M'th ago	Year ago
Spot	114.31	114.24	—	128.67
Fut	116.59	115.72	—	133.98

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Feb. 25 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1380/410	—	$1275/285
Copper			
Cash Grade A	£917.5	+10.0	£874.75
3 mths	£925.75	+10.0	£896.75
Gold Troy oz	$405.75	+4.0	$403.375
Lead Cash	£298.5	+5.5	£294.5
3 mths	£299.75	+4.25	£295.25
Nickel			
Free Mkt	174/184c	+3	164/184c
Palladium oz	$119.00	+1	$125.5
Platinum oz	$529.50	+17.0	$546.00
Quicksilver†	$175/185		$155/165
Silver troy oz	357.20p	+3.90	370.15p
3 mths	366.70p	+4.20	379.85p
Tin			
free Mkt	£4380/410	-5	£4460/490
Tungsten	$44.51		$45.18
Wolfram 22.04lb	$39/45		$37/45
Zinc	£485.5	+4	£481
3 mths	£478.5	+5.0	£475.75
producers	$770/790		$880
OILS			
Coconut (Phil)	$410 x	+7.5	$430
Palm Malayan	$310v		$390
Copra (Phil)	$260y		$290
Soyabean (U.S.)	$158		$142
GRAINS			
Barley Fut. May	£116.10	-0.85	£114.10
Maize	£143.50		£143.75
Wheat Fut. May	£118.50	-0.46	£117.55
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1327.5	+2.0	£1347.5
Coffee Ft. May	£1636.5		£1623.5
Cotton A Ind.*	68.75c	-0.05	65.70c
Gas Oil Apr.	$131.75	-4.25	$157.25
Rubber (kilo)	61.5p	+0.5	66p
Sugar (raw)	$184x	+5.0	$166
Woollops 64s	482p kilo		475p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. * Cotton outlook. y Feb-March. v April. z March-April. x April-May.

COFFEE

Another dull session with the market trading in a narrow range reports Drexel Burnham Lambert. With no encouraging reports from the ICO talks, traders were reluctant to enter the market and activity was thin all day. Nearby differentials remained steady as further short-covering was evident. Physical activity appeared to be light.

COFFEE	Yesterday's close	+ or —	Business Done
Mar.	1550-1555	-5.0	1548-1532
May	1535-1536		1546-1531
July	1555-1557	+8.5	1565-1550
Sept.	1580-1583	+4.0	1590-1578
Nov.	1605-1607	-4.0	1615-1603
Jan.	1630-1635	—	1645-1630
Mar.	1640-1650	+5.0	1670

Sales: 3,949 (5,686) lots of 5 tonnes. ICO indicator prices (US cents per pound) for February 24: Comp. daily 1979 116.87 (118.46); 15-day average 114.80 (114.90).

COCOA

Futures closed virtually unchanged on the day at the end of an unexciting session distinguished only by a light flurry of activity early in the afternoon. Although light producer participation was noted physicals were generally restricted to price checking, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or —	Business done
March	1293-1295	+2.0	1280-1292
May	1327-1328	+2.0	1334-1322
July	1353-1354	+0.5	1361-1352
Sept.	1378-1380	+1.5	1384-1378
Dec.	1405-1406	-3.0	1411-1403
March	1430-1431	+3.5	1434-1429
May	1447-1451	+2.0	1454-1451

Sales: 2,827 (4,186) lots of 10 tonnes. ICCO indicator prices (SDR's per tonne). Daily price for February 25: 1,556.71 (1,560.46); 10-day average for February 26: 1,533.44 (1,551.66).

POTATOES

The market opened steady and again attracted strong buying during the morning session, with good volume. Afternoon business was slow to develop, but by the close buyers were again well in evidence, and prices up again, although some selling pressure knocked the May off the highs, reports Coley & Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Apr	164.90	159.70	165.00-160.00
May	182.00	178.20	183.00-179.50
Nov.	89.50	89.50	—
Feb.	97.80	97.80	—
Apr.	118.50	118.00	—

Sales: 2,812 (2,542) lots of 40 tonnes.

SUGAR

PARIS—(FFr per tonne): May 1270-1275; Aug 1305-1315; Oct 1330-1341; Dec 1365-1375; March 1395-1410; May 1430-1445.

No. 6 Contract	Y'sterd'ys close	Previous close	Business done
	$ per tonne		
Mar.	165.4-164.0	165.6-166.2	169.0-168.0
May	171.8-172.2	175.4-175.6	177.0-171.4
Aug	176.8-176.2	178.6-178.4	180.0-178.0
Oct	177.8-178.0	181.4-181.6	182.8-177.8
Dec	182.8-182.4	185.8-185.8	184.8
Mar	184.0-185.0	187.8-188.0	188.8
May	187.2-190.0	190.0-191.6	—

LONDON DAILY PRICE—Raw sugar $184.00 (£119.50) up $5.00 (up £3.50) a tonne for March/April delivery. White sugar $206.00, up $4.00.

Sales: 4,451 (4,196) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £225.0 (£221.0) a tonne for export.

International Sugar Agreement—(US cents a pound fob and stowed Caribbean ports). Prices for February 24: Daily price 7.21 (7.43); 15-day average 7.36 (7.37).

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
April	795.0-798.0	801.0/790.0	770.0-781.0
July	675.0-677.0	685.0/670.0	665.0-670.0
Oct.	787.0-797.0	797.0/787.0	784.0-785.0
Jan.	830.0		822.0-830.0
Apr.	875.0-890.0	888.0/879.0	870.0-883.0
July	815.0		815.0-830.0
Oct.	919.0		915.0-928.0
Jan.	850.0	849.0	857.5-860.0
BFI	945.5		948.0

Turnover: 153 (378).

MEAT

The average all pigs price for the week ending February 21 was 95.89p per kg dw.

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 92.98p per kg lw (+1.01); GB—Sheep 177.76p per kg est dcw (+4.10); GB—Pigs 77.19p per kg lw (+1.14).

FUTURES—Live Cattle: Feb 94.80; April 95.30. Sales: 2. Pigs: April 95.80; June 95.50; Aug 94.50. Sales: 15.

US MARKETS

GOLD FUTURES opened higher, as expected, on mixed buying and local short-covering, but remained barely steady for the rest of the day before trade and Commission House selling touched off light steps to take the market to its lows, reports Drexel Burnham Lambert. Short-covering pared losses on the close. Platinum futures remained on the defensive with local and commercial selling, the decline being met by short-covering. Silver futures rallied in early trading on good trade buying, but, as with the other metals, as the dollar rallied and crude oil futures fell, profit-taking and long-liquidation set in to reverse the market's direction. Crude oil futures continued to fall, reflecting world prices with local and mixed long-liquidation. The trade was a noted scale-down buyer. Industry buying and light short-covering in cocoa futures saw prices reacted to recent weakness in the face of Brazilian price fix selling, whilst coffee futures rallied on the close with trade buying following earlier weakness on mixed liquidation. Commission House selling in the May sugar futures coupled with price-fix selling depressed values the decline being accelerated by trade selling and further Commission House liquidation. A larger-than-expected EEC tender was cited as a reason for today's decline. The grains markets were easier across the board, reflecting anticipated deliveries against the March futures position. Wheat futures were weak

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
Feb	5730	5680	—	—
March	5730	5690	5765	5790
May	5800	5750	5845	5800
July	5780	5725	5790	5790
Sept	5780	5725	—	—
March	5780	5725	—	—
May	5780	5725	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
March	1841	1816	1842	1820
May	1871	1855	1872	1857
July	1900	1883	1900	1885
Sept	1929	1910	1922	1914
Dec	1951	1943	—	—
March	1988	1980	—	—
May	2013	2005	—	—

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
March	125.60	125.24	125.80	124.00
May	127.08	127.33	127.25	125.60
July	128.80	129.24	129.00	127.80
Sept	130.75	130.50	130.75	[illegible]
Dec	131.63	131.61	132.50	131.75
March	133.00	132.26	132.75	132.20
May	133.00	132.75	—	—
July	133.00	134.38	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
Feb	63.35	62.35	—	—
March	63.35	62.35	63.50	62.60
May	63.45	62.75	63.50	62.85
July	63.55	62.95	63.55	63.15
Sept.	63.85	63.35	63.85	63.60
March	64.85	64.55	64.90	64.85
May	65.20	64.95	—	—
July	65.55	65.35	65.80	65.80

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
March	56.30	56.61	57.10	55.10
May	53.90	55.25	54.05	53.25
July	53.08	54.37	53.80	52.38
Oct	52.23	53.67	53.20	52.10
Dec	51.60	53.33	52.90	51.40
March	52.40	53.70	53.05	51.70

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
April	16.31	16.73	16.45	16.05
May	16.27	16.64	16.40	16.15
June	16.21	16.80	16.33	16.45
July	16.18	16.51	16.30	16.05
August	16.18	16.51	16.27	16.15
Sept	16.25	16.54	16.30	16.20
Oct	16.30	16.60	16.35	16.27
Dec	16.46	16.75	16.50	16.40

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
March	43.80	46.01	44.50	43.60
April	43.90	45.01	44.60	43.50
May	43.80	44.71	44.35	43.25
June	43.65	44.42	44.15	43.15
July	44.10	44.65	44.50	43.20
August	44.70	45.15	44.70	43.80
Sept	45.30	46.00	46.30	45.30

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
Feb	403.1	402.4	409.0	403.0
March	403.2	402.3	406.0	405.0
April	405.2	404.8	415.0	404.5
June	409.2	408.5	415.0	408.7
August	413.1	412.2	419.0	412.0
Oct	416.9	416.1	421.5	417.5
Dec	420.7	419.8	427.0	421.0
Feb	424.5	423.8	430.0	427.3
June	432.4	431.6	436.0	432.0
Oct	439.9	439.4	441.0	441.0
Dec	445.5	444.4	449.5	446.5

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
March	126.00	124.45	126.40	124.40
May	127.60	126.15	127.70	126.00
July	129.25	126.75	129.50	126.75
Sept	129.30	127.20	129.45	127.00

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
March	527.0	521.5	—	—
April	527.0	521.8	535.0	520.0
July	524.6	527.0	537.0	522.0
Oct	529.8	531.3	541.0	522.0
April	537.9	540.3	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
Feb	546.5	546.8	—	—
March	547.0	548.3	554.0	546.0
May	553.3	552.7	560.0	552.5
July	559.8	558.6	565.0	558.5
Sept	565.5	564.7	572.0	566.0
Dec	574.6	574.1	578.0	574.0
Jan	577.7	577.3	—	—
March	583.8	583.8	586.0	585.0
May	589.8	589.7	—	—
July	596.5	596.7	601.5	596.0

SUGAR WORLD "11" 112,000 lb. cents/lb

	Close	Prev	High	Low
March	7.26	7.46	7.52	7.25
May	7.44	7.66	7.78	7.46
July	7.64	8.01	8.06	7.82
Sept	7.84	7.87	7.84	7.94
Oct	8.00	8.19	8.19	7.99
March	8.33	8.45	8.50	8.33

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	Prev	High	Low
April	64.15	64.60	64.50	63.95
June	61.62	62.00	61.87	61.40
Aug	58.30	58.75	58.77	58.25
Oct	57.25	57.47	57.60	57.12
Dec	57.20	57.45	57.55	57.20

LIVE HOGS 30,000 lbs, cents/lb

	Close	Prev	High	Low
April	43.37	43.15	43.40	42.85
June	44.85	44.37	45.70	44.82
July	45.22	44.92	45.37	44.72
Aug	42.77	42.25	42.85	42.30
Oct	38.57	38.30	38.70	38.05

MAIZE 5,00 bu min, cents/56 lb bushel

	Close	Prev	High	Low
March	144.2	147.0	146.4	144.0
May	151.6	154.6	154.2	151.4
July	155.4	158.0	158.0	155.4
Sept	159.4	162.2	161.6	159.4
Dec	164.4	166.6	166.6	164.0
March	174.4	176.4	177.2	174.0
May	176.6	178.6	180.0	176.6

PORK BELLIES 38,000 lb. cents/lb

	Close	Prev	High	Low
March	62.15	60.75	62.50	61.00
May	62.22	60.60	62.60	60.45
July	60.80	59.05	60.95	59.20
August	57.52	56.37	57.75	56.40
Feb	54.42	54.65	54.97	54.20
March	53.42	53.90	53.90	53.90

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
March	483.4	487.4	486.4	483.0
May	482.2	485.4	484.6	481.4
July	480.0	483.4	483.0	479.2
Aug	477.6	481.2	480.0	477.2
Sept	467.2	470.6	470.0	467.0
Nov	463.0	465.2	466.4	461.4
Jan	469.4	471.0	472.4	469.0
March	474.6	477.4	478.4	474.6
May	479.0	481.4	480.4	481.0

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
March	140.6	142.6	142.4	140.1
May	136.0	137.4	137.3	135.8
July	134.9	135.5	135.4	134.5
August	134.9	135.5	135.1	134.5
Sept	134.4	134.0	134.4	133.8
Oct	133.3	133.1	133.5	132.7
Dec	133.4	133.3	134.0	132.7
Jan	133.4	133.8	133.3	133.5
March	134.3	135.2	134.8	136.0

SOYABEAN OIL 60,000lb, cents/lb

	Close	Prev	High	Low
March	15.41	15.74	15.65	15.40
May	15.77	16.08	16.02	15.74
July	16.06	16.38	16.30	16.05
August	16.16	16.47	16.40	16.15
Sept	16.27	16.57	16.48	16.26
Oct	16.36	16.62	16.50	16.30
Dec	16.51	16.75	16.63	16.45
Jan	16.50	16.73	16.70	16.50

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
March	278.4	280.4	282.4	277.0
May	274.2	277.2	277.6	273.4
July	256.6	261.4	259.4	256.2
Sept	256.2	261.0	259.0	256.0
Dec	263.2	267.4	265.4	263.0

SPOT PRICES—Chicago loose lard 14.50 (same) cents per pound. Handy and Harman silver bullion 550.5 (545.5) cents per troy ounce.

RUBBER

PHYSICALS — The London market opened about unchanged with fair consumer interest through the day and closed quiet, reports Lewis and Peat. Closing prices (buyers): Spot 61.50p (61.00p): March 62.25p (61.75p); April 62.25p (61.75p). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 224.5 (same) and SMR 20 193.5 (194.0).

FUTURES—Index 618, March 647-657, April/June 653-663, July/Sept 663-673. Sales: Nil.

GRAINS

Old crop wheat market responded to unencouraging export figures and further releases of intervention stocks always finding trade sellers in thin volume to close 25p to 40p down. Old crop barley market was an extremely dull affair mainly due to lack of bids only five lots traded to close 75p to 85p down. New crop markets aso had an easier tone finding country hedge and speculative selling closing 25p to 40p down wheat, 15p to 30p down barley.

	WHEAT		BARLEY	
Mnth	Yest'rdy's close	+ or —	Yest'rdy's close	+ or —
Mar	117.50	-0.25	114.15	-0.75
May	118.50	-0.46	116.10	-0.85
July	120.75	-0.30	—	—
Sep.	99.35	-0.15	98.75	-0.15
Nov.	101.45	-0.40	100.80	-0.20
Jan.	104.45	-0.30	103.60	-0.25
Mar.	106.85	-0.35	105.50	-0.30

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: March 100.75, April/May 98.50, June 97.50. US No 2 Soft Red Winter: March 102.50, July 91.50. French 11½-12 per cent: Jan 142.50. English fede, fob: March 120.00-120.50, April 121.00-121.50, April-June 122.00-123.00, Sept 101 sellers. Oct/Dec 104.50-105.25. Maize: US No 3 Yellow/French transhipment East Coast, Feb 143.50. Barley: English feed, fob Peterhead: Mar 117.00, April/June 120 sellers. Ist. English Oct/Dec 104.50. Jan/March 108.00 buyers. Rest unquoted.

HGCA — Locational ex-farm spot prices: Feed Wheat: Eastern 116.60; E. Midlands 116.20; N. East 117.10; Scotland 115.00. Feed Barley: Eastern 114.10; E. Midlands 116.40; N. East 116.00; Scotland 112.60. The UK monetary coefficient for the week beginning Monday March 2 is expected to change to 1.302.

Business done: Wheat: March 117.60-7.30, May 118.80-8.50, July 120.75 only, Sept 99.50-9.30, Nov 101.65-1.45, Jan 104.50-4.40. Sales: 120 lots of 100 tonnes. Barley: March 114.35-4.20, May 116.60-6.10, Sept 98.90-8.75, Nov 100.95-0.85, Jan 103.65 only, March 105.70-5.50. Sales: 47 lots of 100 tonnes.

OIL

After an early trade at around $16.50 April Brent crude prices fell steadily in heavy trading to bottom at $16.33. Arab Gulf crude for March remained relatively strong but with negligible trading volue. April WTI opened 33c down on Nymex and traded at 35c down at 1.30 pm EST after morning trade touching 68c down at the lowest point. In the petroleum products market gas oil and naphtha continued this week's sharp fall in price as buyers remained very relaxed. Gasoline was assessed stable. Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Mar.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.45-16.65	-0.05
Brent Blend	16.30-16.35	-0.40
W.T.I. (1pm est)	*15.95-16.05	—
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	168-172	—
Gas Oil	125-127	-6.0
Heavy fuel oil	84-86	—
Naphtha	145-147	-3.5

* April.

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yestrdy's close	+ or —	Business Done
	US $ per tonne		
Mar	130.00	-4.75	136.00-29.50
Apr	131.75	-4.25	137.00-31.00
May	132.00	-3.20	136.50-31.25
June	133.00	-2.75	138.00-32.00
July	135.00	—	138.00-35.00

Turnover: 8,548 (5,320), lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday's close	+ or —	Business Done
	US $ per tonne		
Mar	82.50	-2.50	85.50-82.50
Apr	—		
May	—		

Turnover: 5 (7) lots of 100 tonnes.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound weaker

THE DOLLAR closed lower after a quiet day on the foreign exchanges. There has been no sign so far this week of the US currency testing its current trading range of DM1.80 to DM1.85 against the D-mark or Y152 to Y154 in terms of the Japanese yen. Today and tomorrow are expected to produce more news to move the market however. The Tower Commission report on the sale of arms to Iran is due to be published today, and the market awaits to see the impact on the Reagan Administration.

January US durable goods orders, delayed because of bad weather, will also be announced. A fall of 0.5 per cent to 1.0 per cent has been forecast.

Friday's January US trade figures may prove the biggest test for the recent Paris agreement, by the main industrial nations, to stabilise foreign exchange rates. Forecasts for the trade deficit range between $11bn and $18bn, compared with $10.7bn in December.

The dollar fell to DM1.8280 from DM1.8340; to FFr6.0850 from FFr6.1050; to SFr1.5380 from SFr1.5500; and to Y153.60 from Y153.70.

On Bank of England figures the *dollar's index was down 0.1 at 104.0.*

STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.3700. January average 1.5071. Exchange rate index fell 0.4 to 69.5, compared with 71.3 six months ago.

Sterling retreated with the weaker dollar, and also suffered from nervousness about lower North Sea oil prices. Underlying sentiment remained reasonably good, however, following recent encouraging UK economic news.

The next important economic announcement will be the January UK trade figures on Friday. A deficit of about £800m is expected, leaving the balance of payments roughly in balance on the month.

The pound fell ¼ cent to $1.5370-1.5380, and declined to DM 2.8100 from DM 2.8250; to FFr 9.3550 from FFr 9.4025; to SFr 2.3650 from SFr 2.3875; and to Y236.25 from Y236.75.

D-MARK—Trading range against the dollar in 1986-87 is 2.4710 to 1.7870. January average 1.8568. Exchange rate index 148.0 against 140.0 six months ago.

The D-Mark continued to trade within a narrow range against the dollar in Frankfurt. Dealers were wary of putting pressure on the US currency, for fear of provoking central bank intervention around the DM 1.80 level. There were no new factors, but the dollar had a slightly weaker tone, because of the problems of South American debt.

Dealers were waiting to see whether the US trade figures on Friday cause the dollar to test the resolve of the central banks, following the weekend agreement on currency stability, by the leading industrial nations, meeting in Paris.

The Bundesbank did not intervene when the dollar was fixed at DM 1.8248 in Frankfurt, compared with DM 1.8388 on Tuesday. The dollar closed in Frankfurt at DM 1.8270, *against DM 1.8390 previously.*

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 151.30. January average 154.62. Exchange rate index 209.0 against 218.3 six months ago.

The yen was slighty firmer against the dollar in Tokyo yesterday, but remained locked in the recent trading range. Traders are happy to sell the dollar at Y154, but fear intervention by the Bank of Japan if Y150 is threatened. Trading was dull, with the dollar closing at Y153.55, compared with Y153.80 on Tuesday.

Mr Henry Kaufman, chief economist at Salomon Brothers, said in Tokyo that he expects at least one more cut in the US discount rate by the middle of the year, and sees a possible dollar rate against the yen of Y140, and against the D-mark of DM 1.70, by the end of the year.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.7714	+0.74	+0.74	±1.5344
Danish Krone	7.85212	7.78330	−0.88	−0.88	±1.6404
German D-Mark	2.05853	2.06577	+0.35	+0.35	±1.0981
French Franc	6.90403	6.87704	−0.39	−0.39	±1.3674
Dutch Guilder	2.31943	2.33318	+0.59	+0.59	±1.5012
Irish Punt	0.768411	0.775422	+0.91	+0.91	±1.6684
Italian Lira	1483.58	1468.36	−1.03	−1.03	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

POUND SPOT—FORWARD AGAINST THE POUND

STERLING INDEX

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

CURRENCY RATES

EURO-CURRENCY INTEREST RATES

CURRENCY MOVEMENTS

EXCHANGE CROSS RATES

	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
DM	0.356	0.547	1.	84.07	3.329					
YEN	4.233	6.508	11.89	1000.	39.60					
F Fr.	1.069	1.644	3.004	252.5	10.					
S Fr.	0.423	0.650	1.188	99.89	3.956					
H Fl.	0.315	0.484	0.885	74.41	2.946					
Lira	0.501	0.770	1.407	118.3	4.684					
C $	0.489	0.751	1.373	115.4	4.570					
B Fr.	1.721	2.646	4.836	406.6	16.10					

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

OTHER CURRENCIES

	£	$
Kuwait	0.42660-0.42720	0.27720-0.27740
Luxembourg	58.05-58.15	37.75-37.85
Malaysia	3.8940-3.9005	2.5310-2.5330
N. Zealand	2.7705-2.7780	1.8005-1.8035
Saudi Ar.	5.7715-5.7765	3.7500-3.7510
Singapore	3.2820-3.2930	2.1370-2.1390
S. Af. (Cm)	3.1760-3.1970	2.0715-2.0760
S. Af. (Fn)	6.2835-6.5515	4.0815-4.2555
Taiwan	53.75-54.00	34.95-35.05
U.A.E.	5.6520-5.6570	3.6725-3.6735

Correction for February 24 Hong Kong $ 7.7990-7.8010
* Selling rate.

FINANCIAL FUTURES

Late fall by gilts

LONG-TERM gilt futures fell in late trading on the London International Financial Futures Exchange yesterday. Cash gilts drifted lower throughout the day and gilt futures weakened on disappointment at the *March contract's failure to hold a six* month high of 119-00 touched on Tuesday.

March long-term gilts opened little changed at 118-08 and touched a peak of 118-14, before retreating to a low of 117-25 in the afternoon, and closing at 117-30, compared with 118-09 at Tuesday's close.

Trading was active, with the March contract recording volume of 23,646 lots, and June 10,725 lots.

Sterling moved lower on the foreign exchanges, and the market began to show renewed concern about falling oil prices.

US Treasury bond futures for March delivery finished near the day's peak on Liffe, at 101-03, compared with 100-28 on Tuesday. The highest point touched was 101-06. The dollar weakened on the exchanges, but there was a lack of other factors to move the market. Bad weather earlier this week in Washington has delayed publication of January US durable goods orders until today. These are expected to fall by about 0.5 per cent to 1 per cent, which should help underpin US Treasury bonds.

But the main test for the market is likely to be tomorrow, when the January US trade figures are published. Recently sentiment has been helped by encouraging news on inflation, including lower oil *prices, but the market's attitude* towards the trade deficit has changed. A large deficit is now regarded as harmful, because it will weaken the dollar and increase inflationary pressure.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept.	Puts—Last June	Puts—Last Sept.
110	8.29	—	0.13	—
112	6.43	—	0.27	—
114	5.00	5.48	0.48	1.42
116	3.38	4.31	1.22	2.25
118	2.30	3.26	2.14	3.20
120	1.38	2.44	3.22	4.38
122	0.57	1.52	4.41	5.46
124	0.37	1.21	6.21	7.15

Estimated volume total, Calls 825 Puts 619
Previous day's open int: Calls 11,223 Puts 5,149

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
92	8.08	8.33	0.02	1.25
94	6.14	7.07	0.08	1.63
96	4.26	5.53	0.20	2.45
98	2.60	4.45	0.54	3.37
100	1.53	3.47	1.47	4.39
102	0.60	2.59	2.54	5.51
104	0.28	2.15	4.22	7.07
106	0.07	1.44	6.01	8.36

Estimated volume total, Calls 10 Puts 0
Previous day's open int: Calls 110 Puts 83

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last March	Calls—Last April	Puts—Last March	Puts—Last April
19000	9.38	13.26	1.38	1.51
19250	7.55	11.25	2.05	2.00
19500	5.90	9.47	2.90	2.72
19750	4.45	7.60	3.95	3.35
20000	3.30	6.24	5.30	4.49
20250	2.30	4.81	6.80	5.56
20500	1.60	3.78	8.60	7.03
20750	1.07	3.02	10.57	8.77

Estimated volume total, Calls 62, Puts 0
Previous day's open int, Calls 530 Puts 499

LIFFE £/$ OPTIONS

Estimated volume total, Calls 85 Puts 0
Previous day's open int, Calls 1,307 Puts 1,931

LONDON SE £/$ OPTIONS

Previous day's open int: Calls 911
Volume: 6

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Mar.	Apr.	May	June	Puts—Last Mar.	Apr.	May	June
1.400	13.50	13.50	—	13.50	—	0.05	—	—
1.450	8.50	8.50	8.50	8.60	—	0.15	10.50	0.70
1.475	6.00	6.00	—	6.20	—	0.45	0.90	1.40
1.500	3.40	3.55	4.25	4.65	0.15	1.00	1.50	2.10
1.525	1.65	2.25	2.75	3.10	0.80	1.65	2.50	3.25
1.550	0.55	1.10	1.70	2.05	2.25	3.20	4.10	4.90
1.575	0.15	0.60	1.05	1.35	4.00	4.90	5.90	6.60

Previous day's open int: Calls 45,070 Puts 44,476
Previous day's volume, Calls 4,095 Puts 1,207

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Mar.	June	Sept.
93.00	0.61	0.72	0.75
93.25	0.37	0.51	0.56
93.50	0.16	0.33	0.39
93.75	0.04	0.19	0.25
94.00	0.01	0.09	0.15
94.25	0.00	0.04	0.08
94.50	0.00	0.01	0.04

Previous day's open int: Calls 2,056
Estimated volume, Calls 0 Puts 0

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
March	117-30	118-14	117-25	118-09
June	118-08	118-25	118-04	118-19
Sept.	118-03	—	—	118-14
Dec.	118-07	—	—	118-18

Estimated volume 34,371 (28,162)
Previous day's open int. 17,885 (18,550)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev.
March	100-10	100-10	100-10	100-18

Estimated Volume 3 (0)
Previous day's open int. 66 (66)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
March	89.50	89.56	89.47	89.56
June	90.07	90.21	90.06	90.18
Sept.	90.20	90.32	90.20	90.31
Dec.	90.20	90.34	90.20	90.33
March	90.11	90.26	90.26	90.24
June	89.93	—	—	90.06

Estimated Volume 4,901 (4,641)
Previous day's open int. 19,374 (19,055)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
March	198.00	198.60	196.70	195.30
June	201.75	202.30	201.30	198.80

Estimated volume 902 (1,336)
Previous day's open int. 4,861 (4,665)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
March	93.61	93.61	93.57	93.60
June	93.69	93.70	93.65	93.70
Sept.	93.67	93.68	93.65	93.68
Dec.	93.57	93.58	93.56	93.58
March	93.42	93.43	93.41	93.42
June	93.22	93.22	93.21	93.22
Sept.	93.00	93.02	92.99	93.01
Dec.	92.78	92.81	92.78	92.79

Estimated volume 4,765 (5,474)
Previous day's open int. 30,368 (30,930)

U.S. TREASURY BONDS 8%

CURRENCY FUTURES

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar.	101-10	101-12	100-31	101-08
June	100-13	100-13	—	100-09
Sept.	99-15	99-15	99-04	99-11
Dec.	98-19	98-19	98-06	98-14
Mar.	97-21	97-21	97-11	97-17
June	96-26	96-26	96-18	96-22
Sept.	—	—	—	95-28
Dec.	—	—	—	95-03
Mar.	—	—	—	94-12
June	—	—	—	—
Sept.	—	—	—	93-04

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar.	94.52	94.53	94.48	94.51
June	94.65	94.66	94.61	94.63
Sept.	94.67	94.67	94.64	94.66
Dec.	94.60	94.60	94.56	94.59

SWISS FRANC (IMM)
SFr125,000 $ per SFr

	Latest	High	Low	Prev.
Mar.	0.6500	0.6517	0.6498	0.6457
June	0.6541	0.6561	0.6540	0.6498
Sept.	0.6584	0.6590	0.6580	0.6536

JAPANESE YEN (IMM)
Y12.5m $ per Y100

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Mar.	284.00	284.20	281.75	282.50
June	285.50	285.65	283.20	284.10
Sept.	286.80	286.80	284.30	285.20
Dec.	287.80	287.80	286.00	286.20

EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	Last	Aug 87 Vol.	Last	Nov 87 Vol.	Last	Stock
HOOGOVENS C	Fl.40	504	2.50	91	3.90	26	4.20	Fl.39.50
HOOGOVENS P	Fl.40	174	2.90	132	4	70	5	"
KLM C	Fl.45	620	1.20	372	2.10	20	3.20	Fl.43.10
KLM P	Fl.40	87	0.70	70	1.70	56	2.70	"
NAT. NED C	Fl.80	15	0.70	31	1.70	5	2.70	Fl.72.50
NAT. NED. P	Fl.75	7	3.30	—	—	—	—	"
PHILIPS C	Fl.50	2902	1.30	1222	2.50	130	3.60	Fl.47.40
PHILIPS P	Fl.45	550	1.50	661	2.30	222	3	"
ROYAL DUTCH C	Fl.220	557	1.60	113	2.70	59	4.70	Fl.209.20
ROYAL DUTCH P	Fl.210	474	4	76	10.50	122	12	"
ROBECO P	Fl.100	5	2.50	—	—	—	—	Fl.98.60
UNILEVER C	Fl.520	96	8.50	74	17.60	3	26.50	Fl.507.50
UNILEVER P	Fl.460	22	1.30	402	3.70	—	—	"

TOTAL VOLUME IN CONTRACTS: 29,223

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	11	● Charterhouse Bank	11	● Morgan Grenfell	11
Adam & Company	11	Citibank NA	11	Nat Credit Corp. Ltd.	11
Allied Arab Bk Ltd	11	Citibank Savings	¶12.45	Nat Bk. of Kuwait	11
Allied Dunbar & Co	11	City Merchants Bank	11	National Girobank	11
Allied Irish Bank	11	Clydesdale Bank	11	Nat Westminster	11
American Exp. Bk	11	Comm. Bk. N. East	11	Northern Bank Ltd	11
Amro Bank	11	Consolidated Cred	11	Norwich Gen. Trust	11
Henry Ansbacher	11	Co-operative Bank	*11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Cyprus Popular Bk	11	Provincial Trust Ltd	12
Associates Cap Corp	11	Duncan Lawrie	11	R. Raphael & Sons	11
Authority & Co Ltd	11½	E. T. Trust	12	Roxburghe G'rantee	11½
Banco de Bilbao	11	Equator'l Tst C'p plc	11	Royal Bk of Scotland	11
Bank Hapoalim	11	Exeter Trust Ltd	11½	Royal Trust Bank	11
Bank Leumi (UK)	11	Financial & Gen. Sec	11	Standard Chartered	11
Bank Credit & Comm	11	First Nat. Fin. Corp	11½	Trustee Savings Bnk	11
Bank of Cyprus	11	First Nat. Sec. Ltd	11½	UDT Mortgage Exp.	¶12.25
Bank of Ireland	11	● Robert Fleming & Co	11	United Bk of Kuwait	11
Bank of India	11	Robert Fraser & Ptrs	12	United Mizrahi Bank	11
Bank of Scotland	11	Grindlays Bank	‡11	Westpac B'nking Corp	11
Banque Belge Ltd	11	● Guinness Mahon	11	Whiteaway Laidlaw	11½
Barclays Bank	11	HFC Trust & Savings	11	Yorkshire Bank	11
Benchmark Tst Ltd	11	● Hambros Bank	11		
Beneficial Trust Ltd	12	Heritable & Gen. Tst	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
Brown Shipley	11	Hongkong & Shangh'	11		
Ct. Bank Nederland	11	Lloyds Bank	11		
Canada Permanent	11	Mase Westpac Ltd	11		
Cayzer Ltd	11	Meghraj & Sons Ltd	11		
Cedar Holdings	12	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.

MONEY MARKETS

Slightly firmer

INTEREST RATES maintained this week's rather firmer tone on the London money market yesterday. Three-month interbank was quoted at 10¾-10$\frac{11}{16}$ per cent, compared with 10$\frac{11}{16}$-10$\frac{5}{8}$ per cent, as hopes of an imminent cut in clearing bank base rates continued to fade.

UK clearing bank base lending rate 11 per cent since October 15

Sterling's exchange rate index fell back from the six-month high of 70.0 touched on Tuesday, and the market did not regard the Greenwich by-election as likely to provide the Prime Minister with encouragement to call an early general election.

Recent UK economic news has been encouraging, but tomorrow's January UK trade figures are expected to be neutral, leaving the monthly current account roughly in balance.

The Bank of England initially forecast a money market shortage of £100m, but revised this to £150m at noon, then to £50m, and finally to a flat position.

In the morning the authorities bought £30m bank bills outright in band 3 at 10¾ per cent. There was no further intervention in the afternoon, but dealers suggested the market was left short of funds, as overnight interbank rose to around 12 per cent in late trading.

Bills maturing in official hands, repayment of late assistance and a *take-up of Treasury* bills drained £332m, with a rise in the note circulation absorbing £100m. These factors outweighed Exchequer transactions adding £170m to liquidity, and bank balances above target by £140m.

In Frankfurt call money eased to 3.55 per cent from 3.575 per cent in comfortable conditions. This was in spite of yesterday's deadline for pension payments, and settlement of a DM 2bn Federal Post Office bond. Banks were reported to be well placed to meet their monthly minimum reserve *requirements at the Bundesbank* however. Reserve holdings were DM 52.1bn on Monday, averaging DM 51.4bn over the first 23 days of the month, compared with a minimum requirement of DM 50.5bn.

In Amsterdam call money was steady at 5$\frac{5}{16}$ per cent. The Dutch Central Bank accepted bids of Fl 8.01bn at yesterday's tender for five-day special advances, at an unchanged rate of 5.3 per cent. Subscriptions were met in full, and the new facility replaced expiring six-day advances of Fl 7.9bn. Yesterday's allocation was in line with market expectations.

FT LONDON INTERBANK FIXING

MONEY RATES

NEW YORK (Lunchtime)

LONDON MONEY RATES

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for June 1986: 385.8 and for January 1987: 394.5.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
339	210	Morgan Crucible	330		†8.5	1.5	3.6	21.9
23½	15½	♦Morris (W.) F.A. 20p	20		—	—	—	—
194	65	Myson Grp 10p	192	-1	†2.65	2.6	1.9	24.8
365	213	♦NMW Computers	300		16.0	3.0	2.8	17.3
225	27	Nash Inds.	220	-5	1.5	7.6	1.0	55.8
271½	121½	Neil & Spencer 10p	171½		—	—	—	—
47	28	Newman Inds 10p	44	-2	†0.8	1.5	2.6	(37.6)
134	65	Noble & Lund 10p	91	-2	0.7	4.3	1.1	30.0
158	151	Nobo Group 10p	156		R4.75	2.8	4.3	11.9
65	39	Nolton	48		1.2	2.9	3.5	13.8
166	96	♦Norank Systems 5p	161	-3	m1.5	—	1.3	20.6
351	187	Norcros	346	-5	†9.3	2.3	3.8	15.8
274	49	No-Swift 5p	274	+5	†3.5	2.1	1.8	36.8
£356½	£228	OCE 9pc Cnv 1987-92	£249½	-8	Q9%	—	14.0	—
143	80	Oakwood Grp.	143		4.6	0.6	3.9	55.0
250	173	Office & Elect	205		8.5	2.9	5.8	8.4
40	26	♦Omnitech 1p	40		—	—	—	—
36	18	♦Optometrics $0.01	23	+3	—	—	—	—
890	500	Oriflame £1	845		t28.5	2.1	4.8	16.4
10	5	Overstone 12½c	7½		q03.23c	1.9	13.4	3.9
143	85	♦PCT Grp 10p	140		d3.2	—	4.7	—
£22⅞	£13¾	PLM 'B' Sk 25	£20½	-¼	Q24%	♦	3.0	♦
256	160	♦Pacer Systems $0.01	179	+8	LdQ18c	4.3	1.4	16.6
229	97	Pacific Dunlop $0.5	225		bQ11.3c	2.1	2.2	22.6
78	44	♦Pacific Sales 10p	66		3.0	1.4	6.4	15.7
530	246	Parker Knoll 'A'	529	+9	12.0	3.2	3.2	13.9
260	83	♦Parkfield Group 2p	243	-3	†3.6	4.2	2.1	15.5
53	17	♦Pawson Intl	38	-1	—	—	—	8.0
£130	£64½	Do 11pc CvLn '94-02	£90½		Q11%	—	12.9	—
617	393	Pearson	563		†10.0	2.8	2.5	18.3
72	12	Peek Holdings 3p	72	+5	—	—	—	—
176	88	Peerless	175	+9	†6.3	2.0	5.1	(11.5)
625	341½	Pentland 10p	625	+3	†0.75	22.4	0.2	35.4
£24	775	Photo-Me	£12½xd		15.75	11.7	0.7	16.0
750	315	Pilkington Br. £1	750	+7	F22.0	2.3	4.1	(11.9)
336	68	Do Warrants	335	+2	—	—	—	—
£559½	£293	Pitney-Bowes Cm. Lr.	£529½		Q5¼%	—	1.1	—
96	52	Plastic Const. 10p	64xd		†2.8	1.3	6.2	16.8
*11½	5½	♦Platignum 5p	10	-½	8—	—	—	17.3
208	115	♦Platon Intl	183	-3	3.06	4.1	2.4	11.1
130	98	♦Plumb Hldgs. 5p	130	+6	Rd3.0	2.3	3.3	18.9

INSURANCES

LEISURE

LEISURE—Continued

1986/87 High	Low	Stock	Price	+ or −	Div Net	C'vr
88	32	Leisure Inv 10p	87½	-½	0.36	7.4
*112	55	Leisuretime Inc 10p	86		†2.3	0.9
123	91	♦Lewmar	108		u2.63	3.4
98	71	♦Maxwell Dev 50p	98	+2	R3.13	3.0
196	143	Mecca Leisure 10p	188		L4.1	1.8
220	86	♦Media Tech Int 20p	130xd	+5	2.8	4.5
*192	130	Medminster 10p	182		6.25	1.9
232	114	Midsummer Leis 50p	220		4.0	3.9
220	130	♦Miss World 10p	192	-5	6.0	♦
90	62	Nationwide Leisure	76		♦2.5	2.5
17	8	♦Nimslo Int 20c	10		—	—
94	23	Omnicorp Invs. NZ$0.5	55		Q0.5c	8.0
294	114	Orient Ex Htls $0.125	146	+8	—	—
54½	23	♦Owners Abroad 3p	54½		1.5	2.3
90	46	♦Photax (Lon.)	88		—	—
73	25	♦P'dilly Radio NV 5p	70xd		2.0	1.4
95	25½	♦Pineapple 10p	90xr		—	—
391	280	Pleasurama 5p	361	-1	†7.5	3.6
178	136	Do 7pcCvCmRedPf	164xd	-1	7%	—
157	93	Prestwich	135	+1	0.85	6.9
93	18	♦Radio City 'A' NV	93	+10	—	—
88	33	♦Radio Clyde N/V	81	-4	3.5	1.6
416	322	Really Useful Grp 5p	415	+7	11.25	2.2
70½	36½	Riley Leisure 10p	65½	+2	—	—
230	129	Saga Hols. 20p	165		4.6	2.6
355	148	Samuelson Grp 20p	193xd	-2	2.4	6.5
123	69	♦Sangers Photo 10p	100		♦2.2	1.5
178	93	Scantro 20p	117xr	+5	n4.0	3.5
446	175	Scott. TV 10p	440	+2	†10.5	3.3
27	7	♦Select TV 10p	17	-½	—	—
37	19	♦Spectrum 5p	22		—	—
310	119	Stanley Leisure	305	+4	u3.25	2.8
67	31	TSW 5p	67	+3	2.05	2.6
319	137	♦TV-am 10p	304	+11	R5.75	2.6
*328	144	TVS N/Vtg 10p	328	+8	10.0	♦
188	59	♦Television Serv 50p	78		†2.0	2.9
411	219	Thames TV	411	+20	♦9.5	1.9
84	50	Tottenham Hotspur	84	+2	—	—
116	65	♦Tralen 10p	103	+2	1.1	3.5
357	140	♦Tyne Tees TV 'A' £1	355	+1	†a10.5	2.0
151	74	Ulster TV	138	+1	3.13	3.6

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

LONDON STOCK EXCHANGE

Account Dealing Dates			
*First Dealings	Option Declarations	Last Dealings	Account Day
Feb 9	Feb 19	Feb 20	Mar 2
Feb 23	Mar 5	Mar 6	Mar 16
Mar 9	Mar 19	Mar 20	Mar 30

* New time dealings may take place from 9.00 am two business days earlier.

Late surge sees equities scale new heights as Glaxo and other drug issues lead the way

Good economic news and hopes of a bumper Budget next month had leading stocks reaching for new heights in London yesterday. Drug-related issues led the new charge higher when **Glaxo**'s well publicised satellite presentation to analysts and fund managers on both sides of the Atlantic captured investors' imaginations. The domestic institutions were strong supporters of Glaxo but so were US and Japanese houses on realisations of the group's now much wider strength.

Similar buying interest was displayed for other Pharmaceuticals such as **Beecham, Boots** and **Imperial Chemical Industries**, the last-named ahead of today's preliminary statement. **Wellcome** also played a leading role as the UK anti-aids campaign continued. Publicity about a nationwide TV programme tomorrow dealing with the best methods to prevent the disease from spreading aroused good demand for condom manufacturer **London International**.

After the early rush of buying orders, brokers met a lull in activity. Blue chip and other current favourites moved back from the best with the exception of Building and Construction stocks. The latter were underpinned by reports that industry orders were running at the highest level for some thirteen years.

A resumption of Wall Street's upward movement, however, saw the tempo increase again late and business ended with a flurry. The *FT-SE 100 share index settled at the session's highest, showing a net gain* of 26.3 at a peak 1,973.1. The FT Ordinary share rose 25.7 to 1,584.9.

Tate and Lyle and **Ferruzzi Finanziaria** proposals for the acquisition **British Sugar**, the much-prized wholly-owned subsidiary of **S. and W. Berisford** were scuppered by the Monopolies Commission. Ferruzzi was also told to reduce its 23.7 per cent shareholding in British Sugar *to 15 per cent over the next two* years.

The failure of Gilt futures on Tuesday to break the psychological 119.00 level put a damper on the cash market. Further overseas demand *for Government securities* was easily countered by profit-taking from UK houses, seemingly fully invested at the moment. Hill Samuel Wood Mackenzie advised clients that "the Gilt market has run into a resistance level and seems likely to hover around current levels for the next few days. Uncertainties about currency movements, and the consequences of the Brazilian moratorium will continue to encourage a more cautious mood."

Clearers sold

Sterling's weaker tone on oil price concern was another deterrent and longer-dated Gilts ended the day with losses ranging to ¾. The recently favoured index-linked sector also came under a cloud and selected stocks gave back ⅜ or so.

Latin American debt anxieties depressed sentiment in the major clearers as reports that short term credit facilities to Brazil were being severed in the wake of its indefinite suspension of interest payments induced nervous selling. **Lloyds** and **Midland**, the two most exposed to debt in that area, sustained heavy selling which saw the former plummet to 450p at one stage before closing 20 down on balance at 464p and the latter finished 15 lower at 604p, after 595p. Even **NatWest**, which on Tuesday became the first UK bank to break the £1bn profits barrier, got caught up in the malaise and fell 19 to 599p, after 585p, following a turnover of well over 7m shares. **Barclays**, meanwhile, relinquished 8 at 542p, after 525p, ahead of today's preliminary figures; brokers' forecast profits of around £900m. Elsewhere, **Mercury International** rose 9 afresh to 395p on speculative buying.

Composite Insurances gave a brighter performance on hopes that Royals would get the results season off to a good start today. **Royals** gained ⅛ to £10⅛ with brokers' looking for preliminary pre-tax profits of around £290m. **General Accident** added 17 at 977p and **Sun Alliance** gained 16 at 764p.

Compared with some other sectors, Breweries passed a rather quiet trading session, but renewed support for **Bass** left the shares 9 higher at 855p, while **Greene King** were noteworthy for *a gain of 12 at 326p*.

An increase of 7 per cent in building industry orders to their highest level for 13 years gave a fresh boost to the Building sector. House Builders were particularly *good with* **Anglia Secured Homes** advancing 33 to 383p and **Tay** 9 to 301p, while **McAlpine** responded afresh to the good preliminary figures with a further gain of 8 at 522p. **Ramus**, reflecting the increased interim dividend and profits, advanced smartly to close 30 higher at 145p. **BPB**, helped by acquisition news, firmed 9 to 645. Current takeover favourite, **Meyer International** put on 11 to 357p, while further speculative support left **Ben Bailey** up 3 more at 68p. **Tarmac** eased a shade to 527p on the announcement that it had declared its offer for Feb unconditional. **Polypipe**, in contrast, met with profit-taking after recent strength on the results and came back 3 to 228p.

ICI were actively traded awaiting today's preliminary statement (some 3m shares changed hands) and closed ⅜ higher at £14½; analysts' forecasts range around £1.03bn pre-tax for the full year. Elsewhere in the Chemical sector, **Yorkshire** advanced 10 to 240p following annual results above market expectations.

Store majors returned to form as Budget tax-cut hopes and lower interest rate expectations attracted revived institutional support. **Marks and Spencer** led the way with a rise of 5 to 212p, while **Burton**, shrugging aside fears of a possible DTI investigation into its takeover of Debenhams, closed 12 dearer at 285p. **Storehouse** added 8 to 298p and **Dixons**, with the help of traded option activity, rose 10 to 384p. Elsewhere, **Chelsea Man** jumped to 230p before closing 14 better on balance at 210p after buying in a restricted market, while **Ratners** reflected publicity given to Wood Mackenzie's upgraded profits forecast with a gain of 4 at 322p. **Wigfalls** *gained 15 to 200p* in response to Press comment and **Ward White** advanced 10 to 328p. Shoe concerns again provided firm features. **Pittard** leapt 37 to 235p following the better-than-expected annual results and **Headlam Sims and Coggins** firmed 7 to 63p at it was announced that I. Kirkham holds a 5 per cent stake in the company.

Racal continued to attract considerable support — *23m shares* changed hands yesterday making a total of 74m so far this week — as investors continued to warm to the profits potential of its Vodaphone operations and looked forward to *the forthcoming management visit* to New York. The close was a further 7 higher at 255p. Other Electrical majors moved up with **GEC** 5 up at 223p and **Thorn EMI** 4 higher at 582p. Elsewhere, **Sarasota Technology** *jumped 11 to 158p* awaiting further bid developments and **Burgess Products** reflecting expansion prospects with a gain of 18 at 256p. **International Signal and Control** put on 8 at 277p and **Stone International** *firmed 16 at 150p*.

Once again, secondary issues provided most of the features in the Engineering sector. Revived speculative demand left **Laird Group** up 16 at 343p, while *takeover hopes continued to boost* **Camford** which put on 10 to 147p. Buyers came for **Habit Precision**, 10 dearer at 122p, and **A. Cohen**, which put on 55 more to 690p in a restricted market. **Birmingham Mint**, up 15 at 231p, reflected news of orders totalling an estimated *£14m over 2½ years to supply mic*rowave casings and components to Sharp Electronics (UK). In the leaders, **Vickers** encountered a further round of profit-taking and gave up 10 to 488p.

*News that the Monopolies Com*mission had disallowed the bids by Tate and Lyle and Ferruzzi for the British Sugar subsidiary of S. & W. Berisford prompted a sharp initial slide in Berisford shares *which retreated to 235p before* rallying strongly to end a net 11 higher at 278p. **Tate & Lyle**, sharply higher earlier in the week, surged ahead to close 32 firmer at a year's best of 765p. Elsewhere in *a generally buoyant Foods sector* **ASDA/MFI** see-sawed in a substantial two-way business which saw more than 21m shares traded; up to 169p in the morning on Press reports that a share stake building exercise has been taking place, the price suddenly dipped back to 157p as two broking firms turned heavy sellers, before staging a rally which prompted a close of 162p, a net fall of 6. **Hillsdown** attracted good support ahead of results due next month and put on 10 to 276p. **Northern Foods** rose 12 to 305p and **Cadbury Schweppes**—ahead of today's preliminary figures—edged up 5 to 260p.

Kennedy Brookes, still boosted by a recent "buy" recommendation added 15 more at 327p—a two-day gain of 30, while the acquisition of five pasta restaurants via a vendor placing of new shares, worth £2.15m, saw **President Entertainments** put on 3 to 145p.

The enthusiastic response to Glaxo's satellite presentation to analysts and investors on Tuesday triggered off demand for other pharmaceutical issues which closed with above average gains *amid persistent overseas and* domestic buying. **Glaxo** advanced afresh before settling $\frac{3}{16}$ higher on the day at £16$\frac{7}{16}$. **Beecham** were also prominent at 559p, up 27, along with **Wellcome**, 38 higher at *520p. There was a brisk trade in* **Boots** (some 7.8m shares) which recorded a gain of 18 at 305p. **Fisons**, in contrast, gave up 14 to 629p on fears of competition for its anti-asthmatic drug Tilade; Fisons *preliminary figures are scheduled* for next Tuesday. Elsewhere in the miscellaneous industrial sector, **BTR** moved ahead strongly to close 18 dearer at 333p, while **BTR Nylex** responded to the good preliminary figures and proposed two-for-one bonus issue wiht a gain of 52½ to 777p. **Unilever**, awaiting next Tuesday's announcement of the annual results, gained ½ to £24$\frac{11}{16}$. **Rank Organisation**, helped by the chairman's annual statement, advanced 23 to 673p, while **Securicor** rose 31 to 255p ahead of an expected presentation of the company. **Associated British Ports** featured a fresh *rise of 16 at 501p*, but **Smiths Industries** fell 15 to 323p as Greenwell Montagu downgraded its 1986 and 1987 profits estimates for the company. **British Vita** were good at 391p, up 23, along with **Highgate and Job** which put on 15 more to 290p. Other noteworthy movements included **Macarthy**, 48 higher at 473p, in a limited market and **Reed Executive**, 22 better at 463p. On the other hand, **Westwood Dawes** dip*ped 10 to 43p following* the sharply increased annual loss.

Demand revived for Television issues, with **Yorkshire**, 253p, and **Thames TV**, 408p, rising 12 and 20 respectively and **LWT** improving 9 to 620p. *Elsewhere in the Leisure* sector, **Brent Walker**, still reflecting expansion hopes, improved 5 further to 390p, while the appointment of Mr Michael Cottrell as chairman and chief executive prompted a *gain of 10 to 468p in* **First Leisure**. **Miss World** closed a shade easier at 192p after the preliminary figures.

The Motors sector provided the day's outstanding performer in **T. Cowie**, shares of which soared 108 to 413p following the preliminary results which showed profits up more than 100 per cent and the dividend more than doubled; sentiment was also boosted by *talk that the group's finance sub*sidiary may be floated off. **Lookers**, where Cowie recently acquired a near 15 per cent stake from the Charterhall group, jumped 49 to a year's best of 350p. *Elsewhere in garages* **Appleyard Group** added 8 at 213p, and **C. D. Bramall** *7 to 220p*.

The components sector showed **Lucas Industries** heavily sold down to 570p first thing following *a press report* that the company is considering selling parts of its electrical division; a subsequent strong rally left Lucas shares only 6 off at 584p by the close.

BPP advanced 20 to 250p in response to the sharply higher annual profits, while **Trinity International** reflected expansion hopes with a gain of 22 to 635p.

Marler Estates continued to be excited by its acquisition of Queens Park Rangers Football club and the redevelopment potential of Fulham FC's football ground, Cravan Cottage, and moved up ⅛ more to £10$\frac{3}{16}$. Elsewhere in Properties, **Apex** jumped 27 to 120p on the acquisition of a 12.58 per cent stake in the company by Randsworth Trust, while **Merivale Moore** celebrated news of the quadrupled interim profits with a rise of 30 at 320p. **Citygrove** moved up 10 to 166p, while gains of 6½ and 40 respectively were seen in **Wates City of London**, 154p, and **Brookmount**, 500p.

Rothmans International gained 4 more making a two-day gain of 16 at 235p on further consideration of the £97m sale of its 50 per cent interest in Carling O'Keefe to Elders IXL.

Oils dip and rally

The continuing slide by crude oil prices, and particularly oil futures markets caused a flurry of selling in the oil share market after a firm *opening by the leaders. For the* most part, however, the selling pressure was well absorbed and the top quality issues bounced back to close with only marginal changes on balance.

***British Gas** edged up to 76p early* on but eased to end the day unchanged on balance at 75p, after a turnover of 36m shares, while **BP** closed 6 up on balance at 733p. **Shell** were a steady market at £10$\frac{5}{16}$. ***Britoil** scheduled to* announce preliminary figures in the middle of March, fell sharply amid fears that the final dividend could be sharply cut and were finally 3½ down at 164p. **LASMO**, also affected by worries *over the* dividend, were 5½ easier at 174p and **Enterprise Oil** lost 2½ to 184p. **IC Gas**, still sustained by optimism over the proposed sell-off of the Calor Gas and Contibel subsidiaries, were 7 harder at 629p.

Growing concern over the Brazilian debt situation triggered a strong showing by the bullion price *which in turn gave a sharp boost to* platinum and other precious metals. Platinum was additionally *helped by rumours of possible US* political moves against South Africa.

Bullion, which dipped below $400 and touched $390 an ounce only last week, approached the $408 level prior to closing a net $4 higher at $405.75, while platinum jumped more than $13 to trade around the $526 level during the afternoon.

Trends in precious metals reversed the recent dull showing by mining markets, and in particular the South African sectors. Golds were well supported from the outset. South African operators undeterred by a firm financial rand, were good buyers initially and this trend was quickly followed by Continental and London buyers. Gains were accentuated late in session when US houses *moved* prices higher in the absence of any American selling.

The Gold Mines index added 8.0 at 316.2.

Platinums showed **Rustenburg** a strong market and *finally* 6 up at 804p but **Impala** dipped 10 to 763p, reflecting substantial switching by South African investors; price of Impala and Rustenburg were incorrect in Wednesday's paper.

UK Financials included a firm feature in **Consolidated Gold Fields**, which responded to the upturn in gold with a 9 jump to 767p. Recently-active **Greenwich Resources** *touched* 200p-bid at one point before settling a net 2 up at 194p.

Traded Options

British Airways returned to prominence in Traded Options, recording 4,063 calls—1,022 in the April 90s' and 2,292 puts—1,360 in the July 110s. Overalls, 55,627 deals were done comprising 39,180 calls and 16,447 puts.

Traditional Options

- **First dealings** Feb 16
- **Last dealings** Feb 27
- **Last declaration** May 28
- **For Settlement** June 8

For rate indications see end of Unit Trust Service

Stocks to attract money for the call included **Cater Allen, Talbex, Premier Consolidated, Polymark, Norfolk Capital, Hampton Trust, Systems Designers, J. Williams, Sidlaw, Amstrad, Babcock International, BCA, Sound Diffusion, Rotaprint, Bardsey, Geest, Glanfield Lawrence, Berkeley and Hay Hill, Atlantic Resources, Wellcome, Ferranti, Riley Leisure, Mitchell Cotts, Greenwich Resources, London Securities, Peek Holdings** and **Bula Resources**. Puts were arranged in **Wellcome, Phoenix Property**, and **S. Banks**, while double options were transacted in **Standard Chartered** and **Wellcome**.

FINANCIAL TIMES STOCK INDICES

	Feb. 25	Feb. 24	Feb. 23	Feb. 20	Feb. 19	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	87.36	87.66	87.60	87.22	87.07	85.29	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.02	93.26	†93.18	93.40	93.58	89.76	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,584.9	1,559.2	1,556.9	1,567.0	1,542.5	1,270.2	1,584.9 (25/2/87)	1,094.3 (14/1/86)	1,584.9 (25/2/87)	49.4 (26/6/40)
Gold Mines	316.2	308.2	313.7	300.9	288.2	337.0	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.58	3.65	3.65	3.61	3.67	4.15				
Earnings Yld.%(full)	8.36	8.52	8.57	8.50	8.63	9.93				
P/E Ratio (net) (*)	14.66	14.38	14.30	14.42	14.20	12.57				
SEAQ Bargains (5 pm)	45,554	44,104	53,082	50,884	52,817	—				
Equity Turnover (£m)	—	1,404.29	1,401.01	1,567.11	1,838.53	805.04				
Equity Bargains	—	59,054	67,380	71,976	76,243	35,764				
Shares Traded (ml)	—	616.0	588.3	664.3	668.4	360.6				

S.E. ACTIVITY Indices	Feb. 24	Feb. 23
Gilt Edged Bargains	207.8	166.4
Equity Bargains	382.6	436.6
Equity Value	2838.4	2831.8
5-Day Average		
Gilt Edged Bargains	173.6	158.8
Equity Bargains	453.4	476.3
Equity Value	3214.9	3261.7

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
-	1569.9	1570.1	1566.2	1569.5	1572.6	1569.2	1574.3

Day's High 1584.9. Day's Low 1563.7 † Correction

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=14.11.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (217)

AMERICANS (2), *CANADIANS* (1), BANKS (2), BREWERS (1), BUILDING (20), CHEMICALS (7), STORES (7), ELECTRICALS (18), ENGINEERING (15), FOODS (6), HOTELS (1), INDUSTRIALS (56), INSURANCE (1), LEISURE (14), MOTORS (5), NEWSPAPERS (7), PAPER (8), *PROPERTY (13), SHIPPING (2)*, SHOES (3), TEXTILES (2), TRUSTS (17), OILS (2), OVERSEAS TRADERS (2), PLANTATIONS (1), MINES (4).

NEW LOWS (1)

INDUSTRIALS (1) Huntleigh Tech.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	21,000	162	−6	Ladbroke	623	433	+4
Allied Lyons	1,900	376	+4	Land Securities	753	363	+2
Amstrad	2,800	171	+5	Legal & Gen.	1,100	297	—
Assoc. Brit. Foods	287	336	—	Lloyds Bank	5,500	464	−20
BAT	2,500	550	+7	Lonrho	2,200	272	+6
BET	336	518	+2	MEPC	1,200	365	+3
BOC	2,300	466	+4	Marks & Spncr	3,700	212	+5
BPB Inds	824	645	+9	Midland Bank	3,800	604	−15
BPCC	983	324	+6	NatWest Bank	9,200	599	−19
BTR	7,700	333	+18	Pearson	1,00	563	—
Barclays	4,500	542	−8	P & O	1,100	631	+13
Bass	447	855	+9	Pilkington Bros	1,600	750	+7
Beecham	5,300	557	+27	Plessey	10,900	242	+3
Blue Circle	814	696	+3	Prudential	282	932	+9
Boots	8,100	305	+18	Racal	23,000	255	+7
Brit. Airways	23,950	112	+5	Rank Org	740	673	+23
Brit. Aero	2,300	656	−2	RHM	397	314	—
Brit. Gas	38,000	75	—	Reckitt & Col	217	£10⅝	+⅛
Britoil	10,000	164	−3½	Redland	427	471	−3
BP	8,650	733	+6	Reed Intl.	944	411	−5
Brit. Telecom	4,700	250	+2	Reuters	223	658	+5
Bunzl	1,200	235	+9	RMC	307	777	+10
Burton	3,100	285	+12	RTZ	2,000	743	+4
Cable & Wire	1,800	384	+2	Rowntree Mac	382	482	—
Cadbury Schwps	6,400	260	+5	Ryl Bnk of Scotland	585	320	—
Coats Viyella	691	580	+2	Royal Insurance	1,200	£10⅛	+⅛
Comm. Union	4,500	349	+2	STC	3,900	232	+3
Cons. Gold	1,100	767	+9	Saatchi & Saatchi	360	875	+5
Cookson	445	563	−3	Sainsbury	389	492	+3
Courtaulds	878	409	+4	Scott & Newcastle	1,000	229	+3
Dee Corp	1,700	253	+8	Sears	1,500	134	+1
Dixons Grp	5,000	384	+10	Sedgwick	1,700	318	+4
English China Clays	1,300	400	+10	Shell Trans	4,300	£10$\frac{5}{16}$	+$\frac{1}{16}$
Fisons	3,100	629	−14	Smith & Nephew	3,600	170	+2
Gen. Accident	455	977	+17	Standard Chart	265	757	−3
Gen. Elect	10,000	223	+5	Storehouse	3,800	298	+8
Glaxo	6,100	£16$\frac{7}{16}$	+$\frac{3}{16}$	Sun Alliance	534	764	+16
Globe Investment	814	150	+1½	TSB	2,400	77½	−½
Granada	1,200	336	+4	Tarmac	922	528	−1
Grand Met	2,300	496	+10	Tesco	1,600	451	+7
Gus "A"	299	£12⅝	+⅛	Thorn EMI	3,000	589	+11
Guardian R.E.	252	927	+7	Trafalgar House	1,500	319	+1
GKN	2,150	343	+4	T'house Forte	1,000	211	+1
Guinness	10,000	318	+11	Unigate	1,400	359	+2
Hammerson Prop	702	495	—	Unilever	507	£24$\frac{11}{16}$	+½
Hanson Trust	9,300	167	+3	United Biscuits	996	278	—
Hawker Sidd	931	533	+4	Wellcome	9,900	520	+38
Hillsdown Hlgs	2,300	276	+10	Whitbread 'A'	1,800	309	+5
ICI	3,100	£14½	+⅜	Willis Faber	198	445	−3
Imp. Cont. Gas	708	629	+7	Woolworth	1,400	758	−3
Jaguar	547	613	+2				

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	109	3
Corporations, Dominion and Foreign Bonds	24	0	46
Industrials	673	302	563
Financial and Properties	236	88	263
Oils	23	34	55
Plantations	5	4	5
Mines	73	45	64
Others	61	53	67
Totals	1,096	635	1,066

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Wednesday February 25 1987	Tue Feb 24	Mon Feb 23	Fri Feb 20	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Weds Feb 25	Day's change %	Tue Feb 24	xd adj. today	xd adj. 1987 to date
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON TRADED OPTIONS

Option		CALLS			PUTS		
		Apr.	Jly.	Oct.	Apr.	July	Oct.
Allied Lyons (*374)	300	82	87	100	1	1½	5
	330	52	62	78	1½	7	13
	360	28	42	52	8	15	20
	390	16	27	37	28	35	37
Brit. Airways (*111)	90	23	26	30	1	3	5
	100	15	20	23	2½	7	9
	110	8½	13	17	6½	11½	15
	120	4	8	12½	12½	19	24
British Gas (*76)	60	16½	19½	23	0½	1	1
	70	8¼	12¼	16	1½	3	4½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
‡‡	F.P.	30/1	81½	65	‡Avesco (Reg) 1p	81½	+1	L0.5	6.6	0.9	20.9
‡‡	F.P.	—	63	37	‡Border TV	55½xd		†q2.5	3.2	6.3	13.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986/87 High	1986/87 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

NETHERLANDS

GERMANY

ITALY

FRANCE

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices February 25

MONTREAL

Closing prices February 25

NEW YORK—DOW JONES

Indices

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 33

TOKYO – Most Active Stocks

Wednesday, February 25, 1987

	Stocks Traded	Closing Price	Change on Day
Nippon Steel	229.66m	282	−13
Kobe Steel	188.58m	312	−6
Sumitomo Chemical	55.66m	728	+10
Tokyo Gas	37.83m	1,180	−80
Kawasaki Steel	36.72m	226	−2
Nippon Express	35.10m	1,448	+28
Nippon Yusen	31.47m	574	+5
Mitsubishi Heavy Inds	28.60m	525	−9
Tokyo Electric Power	28.38m	8,580	u/c
Nihon Cement	25.85m	913	+83

LONDON – Most Active Stocks

Wednesday, February 25, 1987

	Stocks Traded	Closing Price	Change on Day
Brit. Gas	38.00m	76	
Brit. Airways	23.90m	112	+5
Racal	23.00m	255	+7
ASDA-MFI	21.80m	162	−6
Plessey	10.90m	242	+3
Britoil	10.00m	164	−3½
Gen. Elect	10.80m	223	+5
Guinness	10.00m	318	+11
Hanson Tr.	9.30m	167	+3
Natwest Bk	8.20m	599	−19

LONDON Chief price changes

(in pence unless otherwise indicated)

RISES

Apex Props.	120	+27
Ass. Br. Ports	501	+16
BTR	333	+18
Beecham	557	+27
Berisford (S.&W.)	278	+11
Burton	285	+12
Cowie (T.)	413	+108
Glaxo	£16⁷⁄₁₆	+⁹⁄₁₆
Headlam Sims	63	+7
Hillsd. Hldgs.	276	+10
ICI	£14½	+⅛
Lookers	350	+49
Marks & Spnr.	212	+5
Meriv. Mre.	315	+25
Pittard	233	+35
Racal Elec.	255	+7
Sarasota Tech.	158	+11
Storeh.	298	+8
Tate & Lyle	785	+32
Wellcome	520	+38
Yorks Chems.	240	+10

FALLS:

Treas. 7¾pc '12-15	£83¹⁵⁄₃₂	−²³⁄₃₂
Fisons	629	[illegible]
Lloyds Bk.	464	−20
Midland Bk.	604	−15
NewsWest Bk.	599	−19
Smiths Inds.	323	−15
Westw. Dawes	43	−10

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
29⅞	18⅝	AAR s	.50	1.7	21	2078	29⅝	28⅞	29⅝	+⅝
34	21⅞	ADT	.92	2.9	18	575	32¼	32	32¼	−¾
38½	20	AFG s	.12i	.3	11	603	36⅝	35⅞	35⅞	−⅛
37	16¾	AGS			21	280	36⅛	35	36	+¾
15	6¾	AMCA				2	8⅛	8⅛	8⅛	+⅛
9	4⅞	AM Intl			295	1930	8⅞	8¾	8⅞	+⅛
62⅞	47¼	AMR			13	9646	60½	58⅝	58¾	−⅜
16½	10	ARX	.71t	5.4	13	110	13⅛	13	13⅛	−⅛
42⅞	28¾	ASA	2a	4.8		864	41¾	41¼	41⅝	+½
18	9¾	AVX		2.0		189	16⅛	15¾	15⅞	+⅛
32	26½	AZP	2.72	8.7	10	2173	31½	31⅛	31⅜	+⅛
62⅝	33	AbtLb s .84		1.4	27	4635	62	60⅝	61⅞	+1⅝
34	25	AccoWd .62		1.9	21	87	33⅝	33¼	33⅝	+¼
14⅞	9	AcmeC .40		3.1	24	92	13¼	12⅞	13	−⅜
9¼	6⅛	AcmeE .32b		4.6	24	165	7¼	7	7	−⅜
23⅞	18⅛	AdaEx 3.42e		16.		90	22⅞	21¾	22	+¼
18	11⅜	AdmM s .24		1.3	14	21	18	17¾	18	
20⅞	12⅛	AdvSys .62t		3.2	16	338	20	19	19⅜	−⅝
32¾	12⅞	AMD				8747	22⅝	21	21⅜	−⅝
10⅝	5¼	Adobe				792	8⅞	8½	8¾	+⅛
20	13¾	Adob pf 1.84		9.4		13	20	19⅝	19⅝	−⅜
21⅞	16⅝	Adob pf 2.40		11.		7	21¼	21⅛	21⅛	−⅛
18⅜	11½	Advest .12a		.9	11	100	13⅝	13¼	13½	
67¾	53	AetnLf 2.64		3.9	11	7877	u67½	65⅞	67⅜	+1¾
54⅜	51⅞	AetL pf3.94e		7.4		240	53	52⅞	53	
101½	87¼	AetL pfC5.67e		6.1		150	93¾	93⅝	93⅝	
48	19¼	AflPb s .32		.7	24	245	46½	45	45	
28¾	18⅞	Ahmns s .88		3.4	8	20747	26½	25¾	26⅛	+⅛

Continued on Page 33

NYSE COMPOSITE CLOSING PRICES

Continued from Page 32

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
134¼	122½	PhE	pfN17	13	14.	z1360	126	125	125	−1
124	112½	PhE	pfM15.25	13.		z400	119	118¼	119	
103	81	PhE	pfK9.50	9.5		z100	99½	99½	99½	−½
84½	66	PhE	pf7.75	9.3		z100	83	83	83	−½
19¾	12⅝	PhilSb s	.94	5.3	14	17	17⅞	17¾	17¾	+⅞
91¼	40½	PhilMr s	3	3.5	14	6984	88½	84⅞	88⅛	+1¼
20¾	13	PhlpI s	.36	1.7	18	1780	u21	19¾	20¾	+⅞
14⅛	8¼	PhlPet	.60	4.8	14	16164	12⅞	12¼	12⅝	−⅛
24½	19¾	PhlPt	pf1.87e	7.8		961	24¼	24⅛	24⅛	−⅛
45½	32⅞	PhlVH	.40	.9	15	127	43¾	43⅜	43¾	+⅜
13½	9	Phlcrp n				262	9⅝	9¼	9¼	−⅜
70⅛	35¾	PiedAv	.32	.5	20	4070	70⅛	69⅝	70	+⅜
70½	49½	PiedA pf				797	70⅛	69¾	70⅛	+½
24¼	17	PieNG	s1.20	5.3	15	135	23⅛	22⅝	22⅝	−½
18	9⅝	Pier 1 s	.08	.4	32	1050	u18⅛	17½	18⅜	+¾
11¼	7½	PilgRg n	.17e	1.9		305	8⅞	8¾	8¾	−⅛
15⅝	9¼	PilgPr	n.02e	.1	14	388	14⅝	13⅝	13⅞	−⅝
44½	31¼	Pilsby s			18	5182	43¼	42⅝	42¾	+⅛
33½	18⅝	PionrEl	.13e	.4		4	30¼	30¼	30¼	+⅜
43½	25⅝	PitnyB s	.76	1.9	19	1689	40½	39⅞	40⅛	−¾
15⅞	10½	Pittstn			49	544	13⅞	13¼	13¼	−¼
32	15¾	Plains n			76	204	30½	29⅝	30½	+⅝
24	14¾	Planirn	.16	.7	20	235	23	22⅝	22¾	+⅛
10⅝	5⅞	Playboy				69	10¼	10⅛	10⅛	+⅛
8½	4¼	PogoPd				551	7⅛	6⅝	6⅞	−⅜
85½	54⅝	Polaroid	1.20	1.5	24	2689	79¾	78¼	78½	−⅜
40	17¾	PopTal	.88	2.2	15	547	u40⅛	39⅝	39⅞	+⅝
21½	12¾	Portec			26	8	13⅝	13⅜	13⅝	
98⅝	80	PorG	pr5.50	5.7		z10	97	97	97	
36¾	24¼	PorGC	1.98	6.8	15	2817	29	28⅝	28⅞	
29⅝	28¾	PorG	pf2.60	9.0		21	28¾	28½	28¾	

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
34¾	12¾	SeaCnt	.42	2.7		220	15⅞	15⅝	15⅝	−¼
14⅛	7¾	SeaCt	pf1.46	13.		1	11½	11½	11½	
16⅞	10½	SeaC	pfB2.10	14.		53	15	14¾	15	+⅛
17	8¾	SeaC	pfC2.10	14.		45	15	14¾	14⅞	
51¼	34½	SeaC	pfD4.12	11.		103	39¾	39	39	−⅝
71⅜	37⅜	Seagrm	1	1.5	15	1855	68½	67⅛	67⅞	+½
18¼	12⅛	Seagul				310	u18⅞	17⅞	18⅞	+1
47⅞	33⅛	SealAir	.52	1.1	22	48	47½	47⅛	47½	+½
34⅜	23⅛	SealPw	1.10	3.3	14	40	33½	33⅛	33¼	
53¾	39	Sears	2	3.9	14	11980	52½	51¼	51½	−⅝
42½	32	SecPac	1.48	3.9	8	5587	38½	38	38¼	−⅛
30¼	19⅛	SvcCp s			25	983	30	29⅜	29⅜	+⅛
20⅜	8¾	SvcRes				22	19½	19⅛	19¼	−⅛
32	21	Svcmstr				350	29½	29	29⅜	+⅛

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¾	11¼	Tyler	.40	2.8	21	26	14¼	14⅛	14⅜	−⅛
U U U										
64⅜	49½	UAL	1	1.8	218	6362	55⅜	54	54⅜	−¾
34¼	17	UCCEL			60	198	u34⅝	32⅞	34¼	+1⅛
26¾	17¼	UDC s	2.20	8.8	9	348	25	24½	25	+⅛
32	22¾	UGI	2.04	6.7	13	117	30½	29⅞	30¼	−⅜
13¾	8¼	UNCInc			15	139	9¼	9¼	9¼	−⅛
31⅜	25¾	UNUM	n.10e	.4		1318	28	27¾	28	+⅛
21⅞	13¼	URS	.15r	.7	22	368	21⅜	20½	21⅛	+⅜
48¾	35¼	USFG	2.32	4.9	13	5310	47⅝	46⅞	47¾	+½
62	53¾	USFG	pf4.10	6.6		373	61⅞	61¼	61¾	+¼
46½	26⅞	USG s	1.12	2.9	11	1440	38½	37¾	38	
34⅞	17⅝	USPCI s			42	170	34¾	34¼	34¼	−¼

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17⅝	11	WyleLb	.32	2.0	34	408	16⅜	16	16	−¼
25¾	16½	Wynns	.60	2.9	12	33	20⅞	20½	20⅞	+⅛
X Y Z										
74½	48⅝	Xerox	3	4.1	19	4560	74½	73½	73⅝	
58¾	55	Xerox	pf5.45	9.5		460	57⅛	56⅝	57⅛	+¼
28¾	21½	XTRA	.64	2.3		352	27⅞	27½	27½	−⅜
20¼	13½	Yorkln n			23	133	20¼	19⅞	20	
6	2¼	Zapata				383	3⅝	3⅜	3⅝	+⅛
43⅞	20¾	Zayre s	.32	1.1	21	3497	30	29⅛	29¼	−¾
17	9¾	Zemex	.40	3.2	8	9	12⅝	12⅝	12⅝	−⅛
29⅞	16⅞	ZenithE				1672	23⅞	23⅛	23⅝	+¼
18¼	8	ZenLb s			63	1208	10⅜	10	10	−¼
22⅝	12⅝	Zero	.36	1.9	20	278	19⅛	18⅝	19	+¾
48¼	32¾	Zurnln	1.32	2.8	19	171	48	47¾	48	+⅛
10⅝	6¾	Zweig	n.10e	1.1		828	9⅝	9⅝	9⅝	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in-full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 31

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICAS

Financials and oils still weak against trend

WALL STREET

SURVIVING a small bout of selling pressure early in yesterday's session, Wall Street ended slightly higher with strong technology and drug stocks compensating for weak oil and bank sectors, *writes Roderick Oram in New York.*

Credit markets gave up small price gains in light trading as market players waited for the release of key economic data today and tomorrow. Both stock and credit markets had shown better gains during the day until futures turned lower.

The Dow Jones industrial average closed up 2.95 points at 2,226.24. Broader market indices showed relatively greater gains with the Standard & Poor's 500 adding 1.13 to 284.01 and the New York and American stock exchange composite indices rising 0.59 to 161.79 and 1.18 to 318.53 respectively.

Among blue chips, Allied Signal gained $⅛ to $46, Du Pont rose $⅝ to $97⅝, Eastman Kodak added $½ to $78¾, Coca-Cola put on $¾ to $45¼, McDonald's was ahead $1⅛ at $75⅛, United Technologies fell $⅜ to $53⅞ and Sears, Roebuck fell back $⅝ to $51½.

Oil and bank stocks continued to be afflicted by falling oil prices and heightened concerns over Third World debt prompted by Brazil's moratorium.

Exxon fell $⅛ to $77½, Texaco lost $⅜ to $33⅞, Amoco dropped $1⅛ to $70¼ and Atlantic Richfield declined $⅝ to $65¾ although Chevron edged up $⅝ to $47¾.

In order of greatest exposure to Brazilian debt, Chase Manhattan shed $⅞ to $38, Manufacturers Hanover gave up $1⅛ to $45, BankAmerica edged up $¼ to $12⅛, Citicorp lost $1¼ to $52¾, Marine Midland dropped $1⅛ to $51¼, Chemical fell $⅜ to $46⅜ and J. P. Morgan was down $1 to $43⅞.

A number of technology stocks showed strength yesterday. NCR gained $2⅜ to $64½ following the launch of a new computer and favourable comments from analysts after they met with senior officers.

Elsewhere in the sector, Cray Research added $2⅞ to $117⅞, Digital Equipment gained $2½ to $155, Unisys rose $1½ to $108⅜, Hewlett-Packard advanced $1½ to $54⅛ and Texas Instruments put on $⅜ to $158⅜.

IBM dipped $1¼ to $141⅜ despite unveiling a 4 megabit memory chip and plans to buy back a further 4m shares equal to about 0.7 per cent of its common stock. This is the third such exercise IBM has undertaken in the past 12 months.

Among drug companies, Squibb added $4 to $155½, Merck rose $2⅜ to $155⅛, Upjohn advanced $2⅜ to $134⅜, and Baxter Travernol gained $⅜ to $25⅛.

Morton Thiokol fell $⅜ to $43½. It agreed to do $409m of remedial work for no profit on the US space shuttles' booster rockets.

Credit markets were quiet as traders and investors waited for key economic figures due out today and tomorrow. The continuing fall of oil prices and the stability of the dollar since the Paris economic accord last weekend maintained the markets' positive undertone.

The price of the 7.50 per cent benchmark Treasury long bond slipped to a 1/16 of a point loss on the day at 99 15/16 yielding 7.50 per cent. At its best it had been up about ¼ of a point.

The Fed Funds rate fell more than half a point to 5¼ per cent. The Federal Reserve arranged overnight matched sale-purchase agreements.

The markets' moderate rally this week has triggered a large volume of corporate debt offerings totalling $1.5bn on Tuesday alone. Investors have given some of the issues a less than enthusiastic response.

The present stability of foreign exchange rates and the bond markets' rally will probably face a stiff test tomorrow with the release of January's US trade deficit. An increase to around $14bn from $10bn in December is expected. The December level was sharply lower than November's record figure, originally calculated at $19.7bn but later revised down. With some possibility that December's figure might be revised upwards, the markets will be looking for signs of an underlying improvement in the US trade performance.

Durable goods orders for January, due for release today, are likely to show a small fall of around 0.3 per cent from December's levels although the estimates vary widely.

Investors and traders focus on near-term economic figures and this week's rally appears to have taken their minds off the message that Mr Paul Volcker, chairman of the Fed, gave to Congress last week and again on Tuesday, stressing that there is a distinct risk of higher inflation which could be difficult to control.

CANADA

A STRONG rally by gold shares on the back of the firmer bullion price led Toronto prices modestly higher overall in busy trading. Echo Bay Mines made up C$1 to C$38⅝, Hemlo Gold rose C$½ to C$21½ and Dome Mines was up C$¼ at C$13¾.

Banks, however, continued shaky amid uncertainty over their ability to absorb Brazil's foreign debt moratorium. Bank of Nova Scotia fell C$⅛ to C$18⅞ and Canadian Imperial Bank of Commerce lost C$¼ to C$21⅞.

Oils fell: Shell Canada C$⅛ to C$32⅞, Imperial Oil Class A C$2 to C$53⅞ and Asamera C$¼ to C$11¼.

Montreal industrials and utilities advanced, but banks eased slightly.

Patrick Blum reports on moves against insider dealing

Vienna takes preventive action

The small but thriving Vienna stock exchange is to draw up its own voluntary code of conduct to prevent any occurrence of insider trading, Mr Gerhard Wagner, the bourse president and chairman of the Oesterreichische Laenderbank, said this week.

The move is in line with opinion at the Finance Ministry and is designed to forestall possible pressures for more formal and binding legislation.

The Vienna Bourse appeared moribund until about two years ago when domestic activity spurred by international interest pushed trading and prices to record highs. Although trading volumes remain small – total shares traded on and off the bourse last year were worth Sch 20.5bn ($1.58bn) with the bourse accounting for about 40 per cent of the total – the rapid growth in activity has led to fears that the system could be abused. Total turnover in 1985 amounted to only Sch 13.5bn with Sch 8bn trading on the bourse floor.

Mr Karl Pale, the former bourse president, dismisses suggestions of abuses. "There have not been any case of insider trading. It is not a problem for us, but it is correct to make sure that it doesn't happen."

There is no scope for insider trading since the Vienna bourse has not had large scale takeovers such as have taken place on other major stock exchanges, he says.

Discussions on a code of conduct are still at an early stage and formal proposals and agreement is unlikely until later this year.

New issues and the partial privatisation of some state-owned groups are expected to provide the bourse with steady growth for the next few years, although the Vienna Bourse Index, the main market indicator, has fallen 9 per cent this year.

EUROPE

Banks recover as dollar and debt fears recede

BARGAIN-HUNTING gave key European bourses a gentle lift yesterday after recent losses. Banks recovered as worries over the dollar and the Latin American debt problem receded, but the firmer trend still betrayed signs of caution.

Frankfurt picked up on foreign and domestic buying in an active session boosted by the West German tax reform package and growing hopes that the Brazilian debt moratorium could be contained and resolved.

The Commerzbank index rose 4.0 to 1,719.0.

Bank shares and other key blue chips led the recovery, with Dresdner DM 4.50 higher at DM 339.50 and Commerzbank gaining DM 6.50 to DM 254. Deutsche Bank, whose joint chief executive, Mr Alfred Herrhausen, forecast 2 per cent real economic growth this year on strong domestic demand, was a strong DM 17 ahead at DM 652.

Electronics issue Siemens added DM 8.80 to DM 651.80, while a mixed car sector saw a DM 16.50 gain for Daimler to DM 945 and a drop of DM 20 for Porsche to DM 840. BMW was steady at DM 482.

Pharmaceuticals group Schering, which said 1986 group results were well down on the previous year but parent company was about the same, put on DM 18 to DM 597 after its DM 27.50 fall on Tuesday. The group denied reports that its contraceptive pill sales were hit by Aids-linked advertising for condoms.

Building company Hochtief soared DM 90, or nearly 10 per cent, to DM 1,000 after the Von Finck family holding company said the family was considering selling its DM 900m holding to Deutsche Bank.

Bonds were mainly firmer in quiet trading as the easier dollar and the higher US bond market on Tuesday provided a boost. The Bundesbank sold DM 135.5m worth of paper in its daily market-balancing operation after selling DM 24.9m on Tuesday.

Amsterdam was narrowly mixed with a firmer bias in thin trading as many investors awaited a clear picture of the short-term prospect for companies. The CBS Tendency index closed 0.2 higher to 90.1.

Banks were among the advances, with Amro 30 cents up at Fl 85.40 ahead of a 21 per cent increase in 1986 profits. ABN edged up 50 cents to Fl 510.50, while NMB put on Fl 1 to Fl 176.

Zurich rose on a further recovery in bank shares in advance of today's results for Union Bank. But caution was still evident in only moderate trading in other sectors.

The Crédit Suisse stock index gained 4.2 to 530.4.

Among banks, whose gains were pared towards the close, Union Bank added SFr 290 to SFr 5,550, Swiss Bank SFr 4 to SFr 473 and Crédit Suisse SFr 75 to SFr 3,375.

Paris was buoyed by slightly easier short-term interest rates and growing optimism over last weekend's economic accord.

Construction issues benefited from the prospect of even greater interest rate cuts: Screg led the sector with its FFr 59 jump to FFr 604 although Bouygues fell FFr 5 to FFr 1,240.

A lukewarm response was given to the latest forecasts by the National Statistics Institute which sees moderate growth and low inflation in the second half of this year but first-quarter consumer prices rising 1.4 per cent.

Brussels saw buyers return after recent profit-taking. Holding companies, utilities and insurers were particularly strong as pension savings earmarked under a recent tax scheme began to make an impact, according to brokers.

Milan edged lower amid political uncertainties and rumours of a possible insolvency of a brokerage firm.

Agricola Finanziera shed L80 to L2,190 in after-bourse dealing as the UK Monopolies Commission rejected the group's bid for British Sugar.

Stockholm experienced a late rally although institutions remained sidelined.

Oslo inched ahead while *Madrid* turned sharply lower on profit-taking and concern over domestic utilities.

LONDON

Good economic news and hopes of a giveaway budget next month pushed leading stocks to new heights in London. Drug-related issues led the advance and strong interest was also shown for construction stocks.

The FT-SE 100 share index finished at the session's high point, up 26.3 at a new peak of 1,973.1. The FT Ordinary share index hit a record 1,584.9, up 25.7.

In the gilts sector, UK profit-taking offset overseas demand and longer-dated issues ended with losses of up to ¾ of a point. **Details, Page 30**

SOUTH AFRICA

THE BUOYANT bullion price offset the depressing effect of the strong financial rand to lift Johannesburg gold prices.

Among rising gold stocks, Southvaal jumped R6.50 to R192 and Elsburg put on 50 cents to R11.50. Driefontein was R1 up at R72.50 and Gold Fields of South Africa rose 75 cents to R64.75.

Anglo American firmed R1 to R69.75, while platinum stock Rustenburg gained 50 cents to R51.75. Diamond group De Beers was 35 cents higher at R40.25.

Industrials were slightly firmer.

ASIA

Drug issues set pace despite late sell-off

TOKYO

BUYING enthusiasm gathered momentum and drove share prices higher in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average gained 109.85 to 20,186.33 Trading remained heavy at 1.60bn shares compared with Tuesday's 1.32bn. Declines led advances by 468 to 404, with 137 issues unchanged.

In early trading, institutional investors and businesses bought steel, shipbuilding, and other large-capital stocks heavily. Later, however, their popularity faded, as speculators and some institutional investors looking for profits placed large sell orders.

Drug-related issues, such as Ajinomoto, Sumitomo Chemical and Kirin Brewery, became pacesetters in afternoon trading.

Nippon Steel topped the active list with 229.67m shares changing hands. The issue rose Y2 to touch a record Y307 in the morning, but later came under profit-taking pressure to end Y13 lower at Y292.

Kobe Steel, second most active stock with 180.58m shares, fell Y6 to Y312. Mitsubishi Heavy Industries was down Y9 to Y525 and Mitsui Engineering and Shipbuilding lost Y20 to Y240.

Ajinomoto, an Aids-related issue, jumped Y300 to Y2,900 on the strength of its pharmaceutical division's good performance.

Sumitomo Chemical, third busiest issue with Y55.67m shares traded, gained Y10 to Y720. Teijin closed Y52 higher at Y755.

NTT suffered a hefty bout of profit-taking which forced the telecommunications group Y180,000 down to Y2.58m. This was only the second time that it closed lower since its market debut on February 9.

Kirin Brewery attracted strong buying interest against the backdrop of brisk animal feed production using biotechnology, finishing Y120 higher at Y1,900.

Cement issues fared well, reflecting investor expectations of advanced implementation of public works for fiscal 1987, starting in April, Nihon Cement, with 25.95m shares traded rose Y63 to Y913, while Onoda Cement advanced Y6 to Y634.

The "Big Four" securities houses rose to all-time highs, bolstered by reports that their recurring profits in the first half (October 1986-March 1987) of the current business year will reach record levels.

Japan Air Lines soared Y900 to Y16,400 on expectations for the planned deregulation of aviation business and the sale of JAL shares held by the government. All Nippon Airways closed Y140 higher at Y1,880 with 22.83m shares changing hands.

On the bond market, the benchmark 89th 5.1 per cent Government bond, maturing in June 1996, was hit by small lot selling and its current yield rose sharply to 4.680 per cent from Tuesday's 4.624 per cent.

Conversely, dealers and institutional investors bought the 90th 5.1 per cent government bond due in July 1996, which had been considered undervalued compared with the 89th bond. Its yield slipped below 5 per cent to end at 4.940 per cent down from the previous day's 5.015 per cent.

KOREA

The record run continued into a second consecutive session in Seoul, where the composite share index gained 3.68 to a peak of 329.46 in active trading.

Financials fell back on profit-taking after Tuesday's gains, but most other blue chips rose. Turnover swelled to 55.2bn won from W44.2bn the previous day.

Samsung Electronics again attracted interest, adding W150 to W33,400. Daewoo Corp added W37 to W1,065 and Hyundai Motor W100 to W2,289, but Korea Long Term Credit Bank eased W100 to W2,028 and Daishin Securities W11 to W3,590.

SINGAPORE

LATE buying by individual investors recouped some losses from early profit-taking but left Singapore share prices marginally lower. Institutions stayed sidelined. The Straits Times industrial index edged 1.21 down to 1,056.80.

Insurance Corporation, however, ran against the trend with a 13 per cent rise of S$1.10 to S$9.30 after much improved year-end results and despite a one-for-four rights issue. Its parent DBS added 30 cents to S$9.40.

Banks were mixed, with OCBC up 20 cents at S$10.30, but UOB 10 cents down at S$5.20, OUB 4 cents down at S$3.74 and Tat Lee Bank still at S$3.20.

Blue chips fared unevenly, some the target of profit-takers, others of buyers anticipating a resurgence in the market. Sime Darby, most active stock on trade of 1.63m, lost 4 cents to S$2.79, while Fraser & Neave fell 30 cents to S$10.40.

HONG KONG

THE BUDGET cuts in corporate and personal taxes were well received in the Hong Kong market, spurring a late buying spree in a volatile session.

The Hang Seng index finished 25.39 higher at 2,873.58 on renewed buying after strong morning gains met profit-taking at midday around the 2,880 level. The Hong Kong index was 16.93 higher at 1,837.54.

In slightly lower turnover, much activity centred on the Jardine group after its reorganisation and rights issues. Jardine Matheson ended 20 cents off at HK$5.25.

Hongkong China Gas advanced HK$1.10 to HK$25, a 12-month high, after announcing sharply higher earnings and a two-for-five bonus issue.

Cheung Kong turned back up with a 25 cent gain to HK$45.75 while Hutchison Whampoa strode HK$1.00 ahead to HK$55.00.

Budget details, Page 3

AUSTRALIA

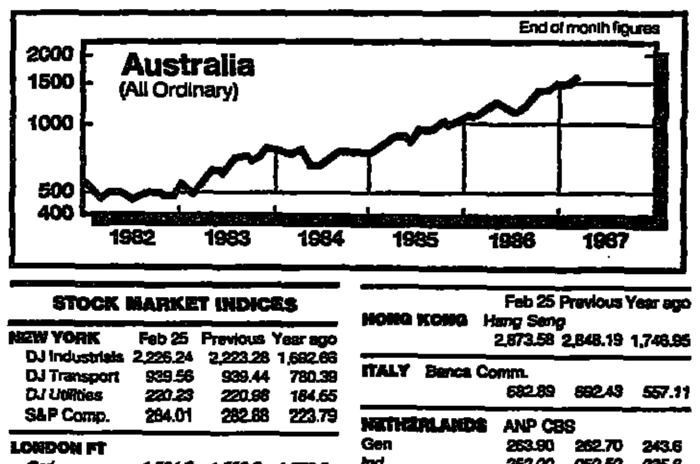
MODERATE selling pressure in leading resource, media and bank stocks pulled Sydney prices slightly lower, with falls in most sectors. The All Ordinaries index was 12.9 lower at 1,584.8.

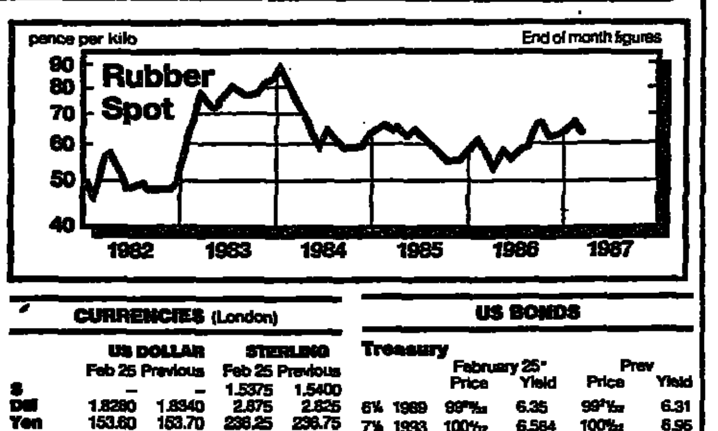
The Australian dollar's rise dulled mining stocks. Western Mining fell 14 cents to A$5.82, Central Norseman 40 cents to A$14.80 and Kidston 20 cents to A$7.30. Resources also suffered, with North Broken Hill 5 cents down at A$2.40 and CRS 13 cents lower at A$3.70.

BHP lost 10 cents to A$10.15 as takeover rumours quietened and as the company announced a 3 per cent price cut to Japanese markets.

Banks weakened on continued worries over South American debt and domestic concern over home loan rates. National led declines, 18 cents down at A$5.20. ANZ lost 10 cents to A$5.50.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Feb 25	Previous	Year ago
NEW YORK			
DJ Industrials	2,226.24	2,223.28	1,692.66
DJ Transport	939.56	939.44	780.39
DJ Utilities	220.23	220.98	184.65
S&P Comp.	284.01	282.88	223.79
LONDON FT			
Ord	1,584.9	1,559.2	1,270.2
SE 100	1,973.1	1,946.8	1,527.7
A All-share	979.61	968.28	746.18
A 500	1,091.29	1,075.59	821.67
Gold mines	316.2	306.2	337.0
A Long gilt	9.65	9.60	10.05
TOKYO			
Nikkei	20186.33	20076.48	13578.2
Tokyo SE	1766.65	1765.55	1079.56
AUSTRALIA			
All Ord.	1,584.0	1,597.9	1,046.4
Metals & Mins.	755.5	767.7	517.0
AUSTRIA			
Credit Aktien	206.74	206.85	234.0
BELGIAN SE			
Belgian	4,164.09	4,142.44	3,261.19
CANADA			
Toronto			
Met.& Mins.	2,418.2	2,422.8	2,190.0
Composite	3,474.6	3,471.5	2,608.5
Montreal			
Portfolio	—	—	135.86
DENMARK SE			
	–	208.25	230.80
FRANCE			
CAC Gen	422.70	421.50	323.5
Ind. Tendance	106.90	106.10	75.00
WEST GERMANY			
FAZ-Aktien	570.22	567.85	632.81
Commerzbank	1,719.00	1,715.00	1,809.9
HONG KONG Hang Seng	2,873.58	2,848.19	1,746.95
ITALY Banca Comm.	692.89	692.43	557.11
NETHERLANDS ANP CBS			
Gen	263.90	262.70	243.6
Ind	252.00	250.50	235.8
NORWAY Oslo SE	388.56	386.11	354.47
SINGAPORE Straits Times	1,056.80	1,058.00	629.06
SOUTH AFRICA JSE			
Golds	—	1,874.0	1,245.7
Industrials	—	1,582.0	1,159.3
SPAIN Madrid SE	244.99	252.10	119.82
SWEDEN J & P	2,390.65	2,237.11	1,877.45
SWITZERLAND Swiss Bank Ind	564.50	558.60	568.3
WORLD MS Cap. Int'l Feb 24	406.5	404.2	278.4

COMMODITIES (London)

	Feb 25	Prev
Silver (spot)	357.20p	353.30p
Copper (cash)	£917.50	£907.50
Coffee (March)	£1,535.00	£1,535.00
Oil (Brent)	$16.00	$16.40

GOLD ($/oz)

	Feb 25	Prev
London	$405.75	$401.75
Zürich	$405.55	$402.00
Paris (fixing)	$408.11	$403.93
Luxembourg	$407.00	$402.00
New York (April)	$405.20	$404.60

* Indicates latest pre-close figure

CURRENCIES (London)

	US DOLLAR Feb 25	US DOLLAR Previous	STERLING Feb 25	STERLING Previous
$	–	–	1.5375	1.5400
DM	1.8280	1.8340	2.875	2.825
Yen	153.60	153.70	236.25	236.75
FFr	6.085	6.105	9.355	9.4025
SFr	1.5390	1.5500	2.365	2.3875
Fl	2.0645	2.0720	3.175	3.19
Lira	1,299	1,303.5	1,997.25	2,007.5
BFr	37.80	38.0	58.10	58.50
C$	1.3305	1.3305	2.0470	2.0480

INTEREST RATES

	Feb 25	Prev
Euro-currencies (3-month offered rate)		
£	10 11/16	10¾
SFr	3 15/16	4
DM	4⅛	4⅛
FFr	8⅝	8½
FT London Interbank fixing (offered rate)		
3-month US$	6 5/16	6½
6-month US$	6 7/16	6⅜
US Fed Funds	5¾*	5 15/16
US 3-month CDs	6.10*	6.375
US 3-month T-bills	5.435*	5.59

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
Feb 25				
March	101-06	101-12	100-31	101-08
US Treasury Bills (IMM) $1m points of 100%				
March	94.50	94.53	94.48	94.51
Certificates of Deposit (IMM) $1m points of 100%				
March	–	–	–	94.01
LONDON				
Three-month Eurodollar $1m points of 100%				
March	93.61	93.61	93.57	93.60
20-year Notional Gilt £50,000 32nds of 100%				
March	117-30	118-14	117-25	118-09

US BONDS

Treasury

	February 25* Price	February 25* Yield	Prev Price	Prev Yield
6⅝ 1989	99 27/32	6.35	99 24/32	6.31
7¼ 1993	100 5/32	6.584	100 3/32	6.95
7¼ 1996	100 14/32	7.182	100 16/32	7.16
7½ 2016	100 ¾2	7.479	100 1/32	7.46

Source: Harris Trust Savings Bank

Treasury Index

February 25

Maturity (years)	Return index	Day's change	Yield	Day's change
1–30	162.89	+0.24	6.94	−0.02
1–10	154.52	+0.14	6.66	−0.02
1– 3	143.96	+0.04	6.37	−0.01
3– 5	157.45	+0.12	6.72	−0.02
15–30	192.70	+0.56	7.62	−0.03

Source: Merrill Lynch

Corporate

	February 25* Price	February 25* Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.24	6.10	96.66	6.0
SCBT South Central 10⅞ Jan 1993	105.50	9.65	105.50	9.65
Philbro Sal 8 April 1996	99.75	8.03	99.625	8.06
TRW 8⅞ March 1996	104.0	8.12	104.0	8.12
Arco 9⅞ March 2016	113.25	8.62	112.875	8.66
General Motors 8⅛ April 2016	95.25	8.57	95.375	8.56
Citicorp 9⅞ March 2016	102.25	9.15	102.25	9.15

Source: Salomon Brothers

* Latest available figures